THE FINANCIAL TIMES, December 16, 1975

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Lesley murder: man, 39, charged

Self-employed builder Donald Neilson, 39, was accused at Newcastle - under - Lyme of murdering 17-year-old Shropshire heiress Lesley Whittle. Asked if he had anything to say, Neilson told the magistrates' clerk: "Not guilty, sir."

Neilson, of Thornbury, Yorks., said he wanted to be represented by a Leeds solicitor. He was remanded in custody for three days to appear at Kidsgrove magistrates' court.

Kidsgrove police said last night that a woman was helping their murder inquiries.

Brandt ex-aide jailed as spy

Herr Willy Brandt's former personal political aide, Guenter Guillaume and his wife Christel were jailed for 13 and eight years respectively in Dusseldorf. They were said to have photographed State documents which were handed over to East German couriers. Herr Brandt, whose downfall as West German Chancellor followed the unmasking of the Guillaumes, may now face a prosecution for negligence. Page 5

Drivers in fog ignore new law

Traffic was held up for several miles on the M4 in one of the worst blankets of fog this winter. The RAC reported that motorists were ignoring the regulation requiring them to use dipped headlights in poor visibility. Thirty people were injured in a series of 70 crashes on the A2 near Bexley, Kent.

Schism solution

Father Oswald Baker, the priest sacked by his bishop for refusing to drop the old-style Tridentine mass, has agreed to his successor saying the new English mass at Downham Market parish church from January 1, while Father Baker says mass in the town hall assembly room.

Spanish promise

Prime Minister Carlos Arias has promised to bring Spain closer to the systems of Government in Western Europe, but said it was premature to present a detailed programme. Page 5

Four die in blast

Four chemical plant workers died and 79 were injured when a railway tanker filled with liquid chlorine exploded near Niagara Falls.

Vicar accused

The Rev. Stephen Care, vicar of St. Chad's, Whitleigh Green, Plymouth, will appear with his housekeeper before Torbay magistrates to-day, charged with a bank robbery and burglary.

Briefly . . .

Mr. Kenneth Barnes, a Deputy Secretary in the Employment Department, will succeed Sir Conrad Heron as Permanent Secretary on February 21. Men and Matters, Page 18.

Fifty Egyptian villagers were drowned when a lorry plunged into a canal near the Qus, near Luxor.

Scottish Nationalists now have a seven-point lead over Labour in Scotland, according to an ORC poll for the Scotsman.

Security guard was shot in the leg when three armed men escaped with about £10,000 from Barclay's Bank, Lewisham, South London.

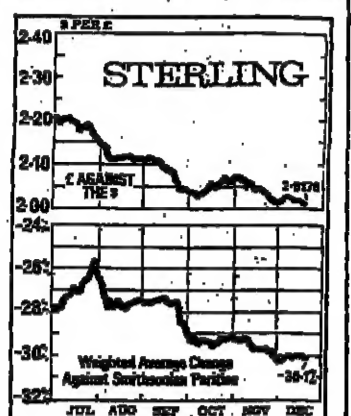
Italy's bishops issued a statement declaring that Christianity and Marxism are completely incompatible.

Customs officer was committed for trial at Dover, accused with eight others of conspiring to evade the prohibition on the importation of cannabis.

BUSINESS

Pound at new closing low

● STERLING reached its worst ever closing level against the dollar, losing 20 points on the day to $2.0170. The pound showed little change against most other major currencies,



though, with trade weighted average depreciation remaining unchanged at 30.1 per cent. The dollar's was 1.58 per cent. (1.59).

● GOLD lost 50 cents to $138¼.

● EQUITIES made a little headway, in spite of last week's disappointing trade figures, and the FT 30-Share index closed 1.2 up at 363.5.

● GILTS, too, made progress, with mediums and shorts gaining. Longs lost up to ¼. The Government Securities index lost 0.01 to 58.41.

● WALL STREET closed 3.78 up at 836.59.

● U.S. TREASURY bill rates were: threes 5.50 per cent. and sixes 5.84 per cent. (5.93).

● U.K. MACHINE tool manufacturers expect a 50 per cent. increase in the value of the industry's exports this year to about £160m. Page 7

● TRANS-OCEAN exploration has made a "significant" gas discovery in the southern sector of the North Sea. Page 7

No bonus from Lifeguard

● LIFEGUARD with-profit policyholders will have no bonuses added to their savings contracts this year, the company has confirmed. The decision affects 15,000 policyholders. Back Page.

● FIGURES for housing starts for October of 32,900 were among the highest monthly figures recorded in the past three years Page 7

● LONDON BRICK is cutting its brick prices by about 5 per cent. as a result of substantial stock profits during 1975 following the upturn in the construction industry. Back Page

● PRICE COMMISSION has rejected 13 notifications of price increases in November, bringing the number of rejections to 132 since last December. Page 7

● THE CONFERENCE on International Economic Co-operation, meeting in Paris to-day will hear criticism by Dr. Kissinger of the Third World countries' attitude towards OPEC. Feature by Malcolm Rutherford, Page 18

● FORD is to raise the prices of its U.S. cars and trucks in the New Year by between 2.2 per cent. and 3 per cent. Page 4

LABOUR

● SHIPBUILDING and repairing industry managers have formed a trade union, the Shipbuilding and Allied Industries Management Association, in anticipation of natonalisation. Page 8

COMPANIES

● VENESTA International moved from a £3.1m. profit in 1973-74 to a £4.5m. loss for the year ended March 31, 1975. Page 20 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 11¾% 1981	£95¾	+ ¾
Treasury 12% 1983	£99¾	+ ¾
Anglo.-Amer. Asphalt	178	+ 8
Assoc. Newspapers	99	+ 4
Bridon	151	+ 4
Caravans Intl.	17½	+ 4
Eucalyptus Pulp	46	+ 5
French Kier	11	+ 1½
Hambros	185	+ 5
Hanson Trust	123	+ 4
Hopkinsons	61	+ 4
Int. Computers	101	+ 5
Int. Pac. Secs.	105	+ 7
Inveresk	61	+ 4½
Lampa Secs.	85	+ 5
Lesney Prods.	41	+ 3
Linfood	220	+ 4
Martin the Newsagt.	140	+ 6
Minster Assets	53	+ 4
Southerns-Evans	162	+ 5
Ultra Elect.	39	+ 4
Weir	77	+ 4
Weyburn Eng.	410	+ 12
Whessoe	46	+ 4
Sunningdale	510	+ 35
Whim Creek	40	+ 14
Yukon Cons.	78	+ 5

FALLS

Abercom Invs.	280	− 8
B. H. Prop.	710	− 15
Firth (G. M.)	55	− 8
Gold Fields Prop.	53	− 5
Primrose	180	− 8
Royal Worcester	100	− 5
Woodside-Burmah	143	− 5
C.R.A.	265	− 15
De Beers Dfd.	280	− 7
Oakbridge	74	− 5
Peko-Wallsend	465	− 20
Utah	975	− 75
Western Mining	150	− 8

Government faces difficult Commons fight over Chrysler

BY JOHN BOURNE and TERRY DODSWORTH

THE GOVERNMENT last night faced the possibility that it might be unable to a win a majority in the Commons for its Chrysler rescue operation. The first of several votes takes place to-night at the end of a debate on the motor industry.

There is a possibility, but no more—Labour MPs are, in fact, unwilling to defeat their Government—that attacks from the Conservative Opposition. Liberals, the Left- and Right-wings of the Labour Party—and also perhaps the Scottish Nationalists—could bring the Government's majority down to single figures, when there is always a risk of defeat.

The main attack on the Government's operation came from its two largest organised bodies of MPs—the Manifesto and Tribune Groups.

The Manifesto MPs, Right-wingers and moderates who on paper number about 80, will meet a few hours before tonight's vote to decide what to do.

The vote in fact is a procedural one on whether to adjourn the House, but clearly a defeat for the Government would be a major psychological reverse.

At the same time, the Government is faced with the embarrassment of publishing a highly pessimistic account of the British motor industry from the Central Policy Review Staff (the "Think Tank") to-day, and the strong possibility that the Trade and Industry Sub-Committee of the Commons Expenditure Committee, will reconvene to examine the Chrysler proposals.

In its report on the industry earlier this year, the sub-committee concluded that both Vauxhall and Chrysler were "in a long-term loss making situation," and, as it proved in its attack on Lord Ryder's proposals for rescuing British Leyland, it does not pull its punches.

The committee will probably want to examine Chrysler management, including some of the U.S. managers from Chrysler Corporation (whom it cannot compel to appear), as well as the major British manufacturers, the Department of Industry, and possibly Mr. Eric Varley, Industry Secretary.

Opposition to the Government's Chrysler policy is also building up outside Parliament.

There is considerable scepticism in the motor industry that the scheme can be made to work, and the policy is widely seen as a blow to the credibility of the Government's industrial policy.

Pressures

Those doubts are particularly evident in the City, where participation in the rescue plan is in the balance as banks and institutions question whether they would be justified in putting up funds as a contribution to the expected package—part of which was to have been a £35m. loan from Finance for Industry, the financing group backed by the big banks and the Bank of England.

Chrysler itself has already let it be known that it approached FFI early this year, but had its application for funds turned down.

The FFI, for its part has been at pains to point out that it remains a private sector organisation and that its lending is done on strictly commercial judgments.

There are signs that any pressures to participate in a rescue would be resisted by management unless full commercial justification were shown.

Alternatively, if the Government provided guarantees for any loans, the City could argue that it would not be appropriate then for FFI to contribute.

Its role is to fill a gap in the financing of new industrial investment; in its view other sources including the banks should be able to provide adequate funds under official guarantee.

At the House of Commons last night, the Manifesto group's economic committee of about 12 asked to see the Prime Minister concerning the Chrysler deal—details of which are to be given to the Commons by Mr. Varley this afternoon.

The economic committee agreed that a £180m. rescue operation would be disastrous to the Government's new industrial strategy of helping only those companies with growth potential, and that it would also make the Government look extremely foolish politically.

However, its request to Mr. Wilson to receive a delegation, headed by Mr. Tom Urwin, a

Continued on Back Page
Parliament, Page 10

EEC Ministers soften on U.K. import controls

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, Dec. 15.

EEC FINANCE Ministers emerged from a meeting here to-night "somewhat reassured" after Mr. Edmund Dell, the Paymaster-General, had given them a broad outline of the Government's intentions on import controls. The Ministers stressed, however, that the U.K. must follow Community procedures under which the EEC Commission, and not the British Government, would have the final say on the precise contents of the measures.

Leaving the meeting, Mr. Dell would make no statement other than to acknowledge the existence of Article 135 of the Treaty of Accession, the safeguard clause under which the restrictions are expected to be introduced later this week. M. Jean-Pierre Fourcade, the French Finance Minister, said it was now clear that only "a very small package" was involved.

'Concern' by Bonn

Herr Hans Apel, the West German Finance Minister, who had earlier expressed "great concern" at the U.K.'s intentions, said tonight he disapproved of import controls insofar as they might encourage other countries, including EEC members, to follow suit. All the Ministers here to-night expressed the hope that this would not happen.

M. Willy de Clercq, the Belgian Finance Minister, who presided at to-day's talks, told a Press conference that the Ministers had found Mr. Dell's remarks "rather reassuring" on both the content and the likely duration of the measures. But he reserved final judgment until the full details were known.

The Belgian Minister read out the full text of Article 135, stressing that while the Government could make proposals for action, it was the Commission that took the final decision. Priority had to be given to measures that least disturbed the functioning of the Common Market, he said. Mr. Dell was reported to have emphasised that the Government would take the interests of the other EEC countries into account.

Paragraph 2 of the article says: "On application by the State concerned, the Commission shall, by emergency procedure, determine without delay the protective measures which it considers necessary, specifying the circumstances and the manner in which they are to be put into effect."

Commission officials now think that the British application may be made to-morrow in time for consideration at the Commission's regular weekly meeting on Wednesday.

Earlier, the Ministers had decided to postpone further discussion of the Swiss bid to join the jointly floating West European currency "snake," after France had once again made clear her opposition. Explaining French fears that the Swiss franc might drag the "snake" too far upwards against the dollar, M. Fourcade mentioned that the Swiss currency had risen in value by 6 per cent. since May 1.

Talks, decisions

Switzerland will, however, join in the daily consultations on exchange rates between the "snake" Central Banks and Sweden and Norway. Consultations are taking place with the U.S., Canada and Japan, under last month's exchange rate agreement at the Rambouillet summit.

Meanwhile Herr Apel said the EEC Ministers would take a decision next month on an Irish request for a Community loan of up to $300m. No other country had applied to borrow under the scheme, aimed at re-cycling Arab oil revenue to EEC members in balance of payment deficit, he added.

Agreement on IMF gold sales, Page 5

Admiral to lead Shipbuilders

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE GOVERNMENT yesterday named the two men who, as chairman and chief executive of the proposed State-owned shipbuilding corporation, will have primary responsibility for devising a recovery strategy for Britain's ailing shipbuilding and shiprepairing industry after their nationalisation next year.

Chairman of the organising committee which will prepare for nationalisation and chairman-designate of the new corporation, British Shipbuilders is Admiral Sir Anthony Griffin, 55, who retired at mid-day yesterday as Third Sea Lord and Controller of the Nav. Chief executive of the newly nationalised industry will be Canadian-bord Mr. J. Graham Day, 42, who was appointed chief executive of Cammell Laird Shipbuilders by the last Conservative Government four years ago.

The two appointments are likely to be fairly well received by shipbuilders and repairers because the combined experience of both men spans a broad spread of the industries' activities as well as direct dealings with Government and Whitehall.

As controller of the navy since 1971, Sir Anthony has been responsible for placing Government contracts worth more than £400m. a year with Britain's naval shipbuilders while Mr. Day has won respect for his efforts in reducing Cammell Laird's accumulated losses from £9.7m. to less than £4.4m. between 1971 and 1974. His progress has been closely watched by the Government which holds a 50 per cent. stake in Cammell Laird, acquired through the former Industrial Reorganisation Corporation.

Sir Anthony and Mr. Day will be joined in a few days by a second deputy chairman of the organising committee who would be a trade unionist, Mr. Eric Varley, the Industry Secretary, revealed when he announced the appointments in the House of Commons yesterday.

Both men will be paid salaries in line with other top nationalised industry executives. This means that Sir Anthony will earn £23,330 a year, less his naval pension, and Mr. Day £19,330—slightly less than his Cammell Laird salary.

With the Bill nationalising the shipbuilding and aerospace industries now in its House of Commons committee stage, yesterday's announcements appear to indicate that the Government is having slightly more success in persuading shipbuilders to co-operate with its public ownership plans than aerospace industry chiefs.

Following the appointment of former Industry Minister Lord Beswick as chairman designate of British Aerospace, there has been no further public sign of progress in setting up the aerospace organising committee.

Against a background of a savagely competitive world market in which the Orient are currently netting around 75 per cent. of all available new shipbuilding orders, Mr. Day hoped that "nationalisation will enable the industry for the first time to plan overall. It should enable a better utilisation of scarce resources which are to a degree duplicated at the moment."

Without giving much of a clue as to the new management's intentions, Mr. Day last night attempted to allay fears that shipbuilding nationalisation would create a "vast bureaucracy." British Shipbuilders' headquarters would be based in a traditional shipbuilding area, which means the Clyde, Mersey or the North-East but "the industry can't afford a bureaucracy and a lot of new jobs in its head office."

Managers form new union, Page 8
Men and Matters, Page 18

Plan to save part of NVT agreed

BY PETER FOSTER

A PLAN to save part of the Small Heath-based Norton Villiers Triumph Manufacturing has been agreed by the Government, although hopes of any large-scale rescue were firmly ruled out by the Department of Industry yesterday.

It has been known for some time that the Government was considering a small-scale rescue plan for the plant—where Triumph Tridents were manufactured—based on proposals put forward by the NVT parent company.

However, the Department of Industry made clear yesterday that although it had agreed "in principle" to a plan, this would only be for a "small on-going operation" which would carry out non-motor cycle sub-contracting and manufacture spare parts.

The Department emphasised it would not cover the manufacture of either motor cycles or mopeds.

NVT Manufacturing is the subject of a compulsory winding-up order and the announcement that part of the company would be saved was made in the High Court yesterday.

No details of the size of the Government's share of the rescue bid were revealed. However, the judge was told that negotiations to save part of the business were expected to be successfully concluded by Friday.

The compulsory winding-up of NVT Manufacturing has been postponed several times in anticipation of Government approval of some sort of rescue plan.

Counsel for the company's receiver told the court that it was desirable the company should not be in liquidation when the deal was formally signed, although there was no reason why it should not go into liquidation afterwards.

Earlier this month, Mr. Eric Varley, Industry Secretary, rejected plans to save NVT's other manufacturing arm at Wolverhampton—where Norton *Commandos were manufactured*—and urged workers there to end their four-month "sit-in" and allow the liquidator to continue with his work.

Yesterday's announcement by the DoI confirmed that there would be no Chrysler-style volte-face in the case of the Birmingham plant either. It is expected that the slimmed-down Small Heath operation will be financed partly by the Government and partly by Barclays Bank, although the sums involved are expected to be relatively small.

Peace hope in hospital pay beds plan

BY CHRISTIAN TYLER, LABOUR STAFF

A TACTICAL COMPROMISE on the controversial issue of doctors' private practice, worked out with medical leaders, was announced by the Government yesterday.

Legislation to be introduced this session will seek the early removal of a quarter of the 4,000 private beds in National Health Service hospitals, but the removal of the rest, and possibly regulation of the private sector, would be referred to an independent five-man Board.

The immediate aim of the package is to persuade the British Medical Association to call off its emergencies-only sanctions by consultants. Ultimately, the Government hopes it will bring lasting settlement to a controversy that has raged within the NHS and outside for over a year.

Decision to-day

Following last week's agreement with leaders of junior hospital doctors on the separate issue of overtime pay and working hours, there is some prospect of all industrial action by hospital doctors being called off before Christmas.

BMA representatives of the 19,000 junior doctors, whose sanctions have been mainly responsible for disruption to hospital services, will make their decision to-day. The consultants' leaders will consider the private practice proposals on Thursday, with a final decision by the BMA Council probably on Friday.

Council probably on Friday. The Hospital Consultants' and Specialists' Association will also look at the plan.

Dr. Derek Stevenson, BMA secretary, stressed yesterday that the private practice package was still to be agree. It made no difference to the doctors' and dentists' determination to fight the legislation itself "tooth and nail."

But the proposal of a Board to monitor the implementation of Government policy has clearly found favour with the BMA, which called for industrial action two weeks ago to ensure that the whole issue was referred to the recently-announced Royal Commission on the NHS.

The Government has maintained its commitment to legislate against private practice in the NHS, but in effect coupled this with guarantees that the run-down would not deprive doctors of their private practice overnight.

At the same time it hopes to appease health service unions by shedding the 1,000 private NHS beds within six months of a Bill becoming law, or about the end of next year, if the Bill gets through Parliament. The 1,000 would go from the best-served areas, such as London and the South-East.

The doctors had given up the basis of their industrial action, the demand that the Royal Commission be involved. "We will be pressing this new Board to get on with the job and look very closely at the details of the Bill," he said.

Setting out the details in the Commons after meeting leaders of the profession yesterday, Mrs. Barbara Castle, Social Services Secretary, said the proposals would be embodied in legislation if the consultants agree to them and resumed normal working.

The legislation would contain the Government's commitment to maintain private practice by allowing doctors to practice outside the NHS as well as in.

£ in New York

—	Dec. 15	Previous
Spot	$2.0190-0180	$2.0190-0195
1 month	0.90-0.85 dis	0.84-0.79 dis
3 months	2.35-2.30 dis	2.37-2.32 dis
12 months	7.77-7.87 dis	7.27-7.70 dis

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FEATURES

LOMBARD

Plight of the middle classes

BY C. GORDON TETHER

MUCH HAS been said of late about the petering out of the great upsurge of middle-class anger and frustration which was such a prominent feature of the scene a year ago. And it is, indeed, a fact that most of the new bodies that came into being at that time to convert this tide of disaffection into a power-base have since gone into decline or collapsed altogether.

Yet, with the present style of prices and incomes policy inflicting heavy punishment on the real earnings of everyone earning more than a few thousand pounds a year, it is difficult to believe that this can be anything more than the lull before another storm. And one would have thought that the Government would be well-advised to lose no time in making it clear that Phase II of the new onslaught on inflation will favour a percentage type approach to the control of incomes.

Big cuts

As was, perhaps, only to be expected, the £6 a week maximum limit on wage and salary increases set by the disinflationary exercise launched in the middle of this year has tended to be treated as a minimum. And that has helped to persuade the trade union movement that it was right to continue going along with the new policy—notably by ensuring that all those in the lowest income brackets received enough additional pay to compensate them for the rise in the cost-of-living.

But one does not have to go very far up the incomes scale to reach the point at which having to make do with a £300 odd limit on annual pay increases means being sentenced to a considerable and continuing erosion of living standards. For prices are still rising—six months after the new policy came into effect—at 25 per cent. per annum.

Thus, for those who were earning £3,000 at the start of the latest squeeze, an extra £300 a year would be sufficient, even before allowing for tax, to cover barely a half of the rise in the cost-of-living now taking place. For the £4,000 man, it would meet only a third. And for those in the £6,000 class—which is not all that high by modern standards—no more than a fifth.

It is not difficult to see from this that all those whose earnings come out significantly beyond £2,000 to £3,000 per annum are now under pressure to make very substantial cuts in living standards. And cuts, moreover, which may well turn out to be more or less permanent. For it can be taken for granted that, in the succeeding phases of the incomes policy programme, the Government and employers will both be anxious to see that increases in pay are kept down to the amount needed to cover future advances in the cost-of-living.

The bigger the salary, of course, the larger the erosion of real pay enforced by the £300 per annum limit tends to be. But the damage inflicted on living standards is apt to be most severe for those in the £3,000 to £8,000 range because they will usually be operating in the spending sense much closer to the limits of their earnings than the higher paid.

More vocal

Adjusting themselves to the new situation therefore requires much more painful changes in behaviour patterns for them than it does for those in the higher income brackets who, having been accustomed to devote a larger proportion of their incomes to saving, can dispose of the problem by cutting back allocations under this heading.

Making due allowance, therefore, for the fact that the country is in the throes of a serious economic crisis, those whose incomes fall in the middle ranges do have a great deal to complain about. After all, the present incomes policy was intended to slow down the pace of inflation—not to procure a massive change in living standard patterns at the expense of those in the middle ranges. And even if incomes redistribution was part of its purpose, it would not be fair to expect one section of the community to make fundamental changes in its mode of life overnight.

It would be very surprising, therefore, if the middle classes did not start becoming a good deal more vocal again in the early future should they come to the conclusion that they are destined to go on losing out on the present scale. And, as I said at the start, if the Government is wise, it will endeavour to forestall this potentially serious threat to its entire pay policy by making it clear that this operation will be established on a much more equitable basis when—or even before—the present phase expires.

SALEROOM BY ANTONY THORNCROFT

Pew group makes £13,650

A RARE Staffordshire salt glaze white and brown pew group, was sold at Christie's yesterday for £13,650 (plus the 10 per cent. buyer's premium). It is the highest price to be paid at auction for a piece of English pottery, with Wedgwood excepted, and was the star turn in a pottery and porcelain sale which totalled £62,510. It was made around 1740-45 in an unusually good condition.

English pottery and porcelain, like English pictures, is a suspect area because the items are mainly bought by British people, and they tend to be short of cash. But this was quite a successful sale. There were setbacks, but around 80 per cent. of the lots, and most of the top ones, were sold. The pew group just beat its forecast, and a rare Chelsea Italian comedy figure of Scapin, after the Meissen original by J. J. Kaendler and P. Reinicke, made the good price of £5,040. In 1967 it went for £2,800 in the same saleroom.

A Staffordshire pew group which sold for £13,650 at Christie's yesterday.

Other high prices were the £4,200 for a "girl in the swing" white group of the Holy Family, after Raphael, and £3,570 for an extremely rare pair of Worcester sauce boats. A Chelsea billing dove tureen and cover was bought by Winnifred Williams for £3,150. A sale of sculpture and works of art totalled £46,815. A late 15th-century south west German oak relief of the Adoration of the Kings (estimated at £650-£850) went for £3,360, and a bronze group of St. George and the Dragon by Francesco Fanelli, made around 1640, sold for £2,730. A private buyer paid £1,680 for a pair of Louis XIV bronze ewers, and a late 16th century Spanish gold pendant Cross managed £1,155.

The prize item at Sotheby's glass sale — a Royal goblet enammeled with the arms of the House of Orange and signed by William Beilby—was bought in at £9,000. A Beilby goblet set a record £19,300 earlier this year, but the Dutch connections may have put off British buyers this time.

There were a few other disappointments, but the German dealer Hubner paid £3,100 for a Bohemian wheel-engraved Royal portrait beaker of Leopold I, made around 1690. It had been bought in at Sothebys in 1936 for £9. The sale totalled £37,408, with the less costly items offering some compensation for the lack of interest in a Ravenscroft tazza of 1675 and a rare glass encrusted mirror of 1600.

In contrast the sale of atlases, travel and autograph letters did very well, with over 98 per cent. sold and a total of £87,861. A John Speed volume of 1616, with 67 double page engraved maps of Britain, beat its forecast at £5,200, and a Johannes Blaeu *Noveau theatre d'Italie*, with 279 plates of 1724, fetched £4,800, also well above the estimate. Other prices which far exceeded their target were the £3,600 for Bellins *Petit Atlas Maritime* of 1764; £3,500 for a Goos *Sea Atlas of the Watter-World* of 1668; and £3,400 for another Blaeu travel book of Piemont and Savoye.

At Phillip's a 19th century pictures sale totalled £94,745. The top price was the £8,000 for a Venetian bridge scene by Franz Unterberger (within forecast).

RACING BY DOMINIC WIGAN

You'll warm to Arctic Amoroso

DESPITE poor visibility and freezing conditions in many parts of the country, to-day's two scheduled meetings, Folkestone and Warwick, are reported to be in the clear at present, and they seem sure to go ahead, provided the weather does not worsen.

The most interesting racing, in my opinion, is at Folkestone, where some useful handicappers have been attracted for the day's most valuable event, the three-mile Whitelaw Gold Cup Chase (1.45). Here the two I like best are *Barmer* and *Arctic Amoroso*.

Barmer, who began the season in fine style when defeating Marungu, to whom he was conceding 11 lb, by ten lengths in Sandown's Withington Chase at the end of October, has put up equally useful performances on his two subsequent outings.

A two-and-a-half-length runner-up to the much-improved Something's Missing in the Badger Beer Chase at Wincanton a fortnight later, Barmer went on to finish a good third behind Clonmellon and Spittin' Image in Sandown's highly-competitive Pond Chase just over two weeks ago.

FOLKESTONE
12.45—Arisaig*
1.15—The S nartstan
1.45—Arctic Amoroso**
2.15—Parkgate Inn
2.45—Dalwhinnie
3.15—Viverona***

WARWICK
1.30—Redbin
2.30—Noble Hero
3.00—The Grand Son

On his Pond Chase running, Barmer has nothing to fear from *Ebony Rock* and *Royal Measure*, who failed to complete the course there.

Arctic Amoroso, a course winner (as is Barmer), failed to produce anything like his true running when a remote sixth behind Roman Holiday in the Peterborough Chase at Huntingdon last time out.

However, he had previously run Napoleon Brandy, to whom he was conceding 12 lb, to one-and-a-half lengths over three miles at Plumpton, and if he can find that form here, he is sure to go close.

In what could well be a closely fought race, I hope to see Arctic Amoroso make up for his inexplicably bad Huntingdon display by outpacing Barmer, from whom he receives two lbs.

Viverona, the first and only horse to carry the colours of Mrs. Nora Goulandris, kept on far too strongly for 16 rivals when scoring at Plumpton a week ago, and I shall be disappointed if she fails to give her owner another success in Div. 2 of the Hawkinge Novices' Hurdle (3.15).

Here *Friston Mist*, who won on the same card, is likely to provide the chief threat.

In Div. 1 of this event (12.45) it will come as a surprise to many if that fine stayer on the flat, *Arisaig*, cannot retain his unbeaten record over the minor obstacles.

WINE BY EDMUND PENNING-ROWSELL

Buy now—drink later

AT THIS time of year it is customary to recommend some special wines for Christmas. However, fine wine is not the type to be bought one day and drunk the next; for normally it requires rest after being moved. So it may be assumed that all who regard Christmas and/or the New Year as occasions for opening a few good bottles have already made their selection.

The chief exception to this need to rest fine wine is champagne; but the same, of course, is true of brandy.

Champagne is surely the aperitif to drink on Christmas and New Year mornings. Its prolonged method of production means that it can never be an inexpensive drink, but in spite of inflation and the fall in sterling, champagne prices here in Britain have not risen for nearly two years; what increases there have been must be laid at the door of No. 11 Downing Street. Whereas at Christmas, 1973, the duty-plus-VAT on a bottle of champagne was roughly 27p, to-day it is 63p—a rise of about 7s a bottle, if the currency anachronism be pardoned, in order to bring home to those of us who drank champagne occasionally in the pre-metric era the extent of the rise in taxation.

The best value to-day probably lies in the house champagne of any good wine merchant.

The surplus stocks of *grandes marques* lying here have led to a cut-price war that has obliged wine merchants to maintain their own-brand champagnes at minimum prices. Among reputable firms that have long marketed such wines are the Army and Navy Stores (Louis Etienne), Avery's (Special Cuvée), Berry Bros. (Binet United Kingdom Cuvée), Findlater's (Duc de Marne), Harvey's (Pirrot), and Hedges and Butler (Boizel).

At the other end of the wine list, cognac too has not moved in price since early 1974, though more affected than champagne by exchange rates; for large stocks of the leading brands are not usually held here. So the best buys are likely to be those few vintage cognacs long since landed. As it is now almost impossible to import vintage cognac, those now listed are increasingly rare. Among the few firms who have them are the Army and Navy Stores, Avery's, Berry Bros., Harvey's and Justerini and Brooks.

Reverting to fines wines, this *is certainly a time to buy now* with the aim of drinking later. Britain is almost awash with fine wines either bought in the investment-in-wine boom or unsold owing to buying-down. Consequently they are usually much cheaper here than in the country of origin, and replacements will certainly cost more, unless the terms of trade alter considerably. Since the market is so unsettled, rather than name particular wines and give prices possibly inaccurate, it is more useful to indicate the better vintages and suggest a few firms where they may be *found*.

Claret 1961. The oldest vintage in common circulation, the best within the past quarter-century, and one of which every serious claret drinker should have examples. The best list I have seen is Adnams of Southwold, and other firms offering them include Averys of Bristol and Youdell of Kendal.

1962. A middle-of-the-road vintage that has held up well, but buyers should drink reasonably soon.

1964. Irregular owing to varying conditions at the vintage, but can be good though not great. The St. Emilions and Pomerols have often come out best.

1966. *A fine vintage for laying* down. Although mostly readily drinkable, the finer growths should be kept. Has there been a better year since?

1967. A medium-quality year producing early-maturing wines. To-day probably the best year to buy for agreeable, non-exceptional drinking.

1969. An unexciting vintage, with wines rather lacking in fruit and stamina, though some may develop. Buy with care and drink fairly soon.

1970. This very large vintage was caught up in the speculation boom, with consequent distortions in price that have now largely subsided. Certainly a vintage to invest in—for drinking later. The lesser wines already make very acceptable drinking, but the classed-growths are still closed up and should be kept.

1971. This initially costly vintage has yet to prove itself. On the whole lighter than '70, but with considerable distinction, '71 is certainly a year to lay down at the right price—which means less than the opening ones.

Red Burgundy. 1966. As burgundy is drunk young, often too young, this is probably the oldest vintage generally listed. They are fruity, full-bodied wines that are good buys both for keeping and drinking; although the great variations in burgundy style and production methods make generalisations difficult.

1967. A medium year now ready to be drunk within next year or two.

1969. Unlike in Bordeaux, a splendid vintage, and one to be bought for keeping.

1970. Charming light wines from a very large vintage. Th[...] have not much more to devel[...] but are worth buying now [...] current drinking, in order [...] save finer years for later or[...] 1971. For those already stock[...] with earlier years, this is [...] vintage to buy, bearing [...] mind that the crop was sm[...] and some wines have a taste [...] rot.

White Burgundy. For buy[...] now it would be safer to [...] back no further than '69, wh[...] very big wines were made. [...] '70s are for current buying [...] drinking: '71 was a classic wh[...] burgundy vintage, equal[...] since only by '73.

Rhône. The finer Rhô[...] seldom have a chance to sh[...] their best, so they are wo[...] buying and laying down. C[...]rently '71 and '72 are the c[...]didates, particularly for Herm[...]age, Côte Rôtie and a few [...] the better, less aggress[...] Châteauneufs.

German wines. The sin[...] unequalled '71s are the wi[...] to buy while still available. T[...] finer examples will sur[...] improve. For earlier drink[...] the '72s and '73s should be j[...] the thing for a light, pre-fest[...] meal—or lunch next day. L[...] has the best German wine l[...]

Port. For drinking now [...] buying for the near-future [...] and '60 are the best; for layi[...] down '63, '66 and '70.

Here the best value is lik[...] to be found in the saleroo[...] owing to much stock unloadi[...] But not all vintage port [...] properly bottled, so prior tasti[...] is advisable; otherwise buy fr[...] a merchant you trust. Vinta[...] port is currently among the be[...] wine bargains.

What to buy from whom? [...] few firms have already be[...] mentioned, but I give pref[...]ence to those, probably som[...]what hard-pressed just now, w[...] buy their vintage wines of [...] types when first offered and t[...] to keep some at least until rea[...] to drink: a very expensi[...] matter these days. Among tho[...] to be singled out, with their pa[...]ticular specialities are Adnam[...] (claret), the Army and Nav[...] Stores (claret), Averys (bu[...]gundy and claret), Berry Bro[...] (claret and port), Corney an[...] Barrow (claret), Findlater[...] (claret), Harveys (cognac an[...] port), Hatch, Mansfield (bu[...]gundy and claret), Justerini an[...] Brooks (burgundy and claret[...] Lay and Wheeler of Colcheste[...] (claret), Loeb (German an[...] Rhône), Tanner of Shrewsbur[...] (claret), Thompson of Amer[...]sham (claret and German) Yapp of Mere (Rhône), Youdel[...] of Kendal (burgundy and claret). If claret appears to predominate, this is because it is the wine with which most serious wine merchants have always taken most trouble. Their customers too.

TV/Radio

† Indicates programme in black and white.

BBC 1

12.30 p.m. Bilidowcar. 12.55 News. 1.00 Pebble Mill. 1.45 Barnaby. 3.43 Fanny Cradock Cooks for Christmas. 3.38 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30 Jackanory. 4.45 Babar, The Little Elephant. 5.05 John Craven's Newsround. 5.15 Emu's Broadcasting Company (BBC 1). 5.40 *Magic Roundabout.*
5.45 News.
6.00 Nationwide.
6.50 The Invisible Man.
7.40 Are You Being Served?
8.10 Gymnastics: USSR World Cup team.
9.00 News.
9.25 Play for To-day.
10.30 Film '75.
11.00 To-night.
11.35 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—6.00-6.50 p.m. Wales To-day. 6.50-7.10 Heddiw. 7.10-7.40 Ar Saffari. 7.40-8.10 A Christmas Card from Wales. 8.10-8.15 Border Houses. 8.15-8.25 Party Political Broadcast on behalf of Plaid Cymru. 8.25 Joins BBC 1 for Russian Gymnastics. 10.30-11.00 Wallabies in Wales. 11.35 News and Weather for Wales.

Scotland—6.00-6.50 p.m. Reporting Scotland. 11.35 Scottish News Summary.

Northern Ireland—3.58-4.00 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 10.30-11.00 Captain Noah and His Floating Zoo. 11.35 Northern Ireland News *Headlines.*

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands To-day (from Birmingham); Look East (from Norwich); Points West (from Bristol); South To-day (*from Southampton*); *Spotlight* South-West (from Plymouth). 10.30-11.00 North (from Leeds) What a Way to Spend a Sunday; North-West (from Manchester) Nancy and the Pot Hunters; North-East (from Newcastle) Wot Cheor, Jack; Midlands (from Birmingham) A Four-letter Word —Work; West (from Bristol) Concert in Orleans; South-West (from Plymouth) Peninsula; South (from Southampton) Freeman's Jazz; East (from Norwich) On Camera.

BBC 2

11.00 a.m. Play School.
3.00 p.m. Parents and Children.
3.20 Images for Sale.
7.29 Weather.
7.30 Newsday.
7.50 The Book Programme.
8.15 Floodlit Rugby League for the BBC 2 Trophy.
9.00 The Musical Time Machine.
9.45 At a Time Like This.
10.35 The Old Grey Whistle Test.
11.15 Newsnight.
11.30 Closedown: William Lucas reads "The Giraffes" by Roy Fuller.

BBC 2 Wales transmitters only —8.15-8.25 p.m. Party Political Broadcast on behalf of Plaid Cymru. 8.25 Joins BBC 2 Rugby League.

LONDON

10.00 a.m. Hammy Hamster's Adventures on the River Bank. 10.15 Inner Space. †10.40 The Saint. 11.30 Hugh MacDiamid—a Poet and His Time. 12.00 Paper-play. 12.10 p.m. Hickory House. 12.30 Regional Flavour. 1.00 First Report: News, FT index. 1.20 Lunch-time To-day. 1.30 Emmerdale Farm. 2.00 Good Afternoon. 2.30 Couples. 3.00 Where on Earth. 3.55 General Hospital. 4.25 Look Alive. 4.50 Magpie. 5.20 Nanny and the Professor.
5.50 News from ITN.
6.00 To-day.
6.30 Crossroads.
6.55 Tuesday Star Movie: "Walk, Don't Run," starring Cary Grant.
9.00 The Nearly Man.
10.00 News.
10.30 Edmund Kean—the Sun's Bright Child.
11.40 Here We Go Again.
12.10 a.m. The Great Celestial Soap Opera: *Malcolm* Muggeridge continues his discussions with students from Sussex University.

All ITV Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 5.20 Wait Till Your Father Gets Home. 6.00 About Anglia. 7.00 Cartoon Time. 7.15 The Tuesday Movie: "Incident on a Dark Street." 11.40 Reflection.

ATV MIDLANDS

10.40 a.m. Survival. 11.05 Air Display. 1.20 p.m. ATV Newsdesk. 5.20 Around the World in 80 Days. 6.00 ATV To-day including Police Five. 7.00 Cartoon Time. 7.10 The Tuesday Movie: "Who Is the Black Dahlia?" 11.40 A Present from the Past. 12.10 a.m. Father Paschal.

BORDER

10.35 a.m. Boney. 1.20 p.m. Border News. 2.00 Houseparty. 5.20 The Beachcombers. 6.00 Border News and Lookaround. 7.00 Betty Boop Cartoon. 7.15 Tuesday Film: "The Greengage Summer," starring Kenneth More, Susannah York and Danielle Darrieux. 11.40 The Protectors. †12.05 a.m. Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Wait Till Your Father Gets Home. 6.00 Report At Six. 7.00 Curtain Raiser. 7.10 Mystery Movie: "A Clear and Present Danger." 11.40 Commentaries et Previsions Meteorologiques.

GRAMPIAN

1.20 p.m. Grampian News Headlines. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 6.00 Grampian Today. 6.10 The Brady Bunch. 7.00 Cartoon Time. 7.05 The Tuesday Film: "The Silencers," starring Dean Martin. 11.40 Ski-ing with Gina. 12.10 a.m. Evening Prayers.

GRANADA

9.30 a.m. Alphabet Soup. 9.55 Spiderman. 10.15 Focus on Wildlife. 10.40 Morning Matinee. 11.40 Cartoon. 11.45 Alister in Songland. 1.20 p.m. This Is Your Right. 5.15 What On Earth? 5.20 Crossroads. 6.00 Granada Reports. 6.35 University Challenge. 7.00 The Tuesday Film: "The Crimson Pirate," starring Burt Lancaster. 11.30 Spyforce.

HTV

10.30 a.m. Hammy Hamster's Adventures on the Riverbank. 10.45 Technofish. 11.10 The Merrie Melodies Show. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 5.20 Help! 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Man About the House. 7.00 The Tuesday Film: "The Lady Takes A Flyer," starring Lana Turner and Jeff Chandler. 8.50 Party Political Broadcast on behalf of Plaid Cymru. 11.40 Gilbert and Sullivan—"HMS Pinafore."

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25-4.50 Fyny Fan'na. 6.01-6.15 Y Dydd. 6.30-7.00 Sale of the Century. 10.30-11.05 Dan Sylw. 11.05-11.30 O'r Wasg. 11.40-12.40 a.m. World In Action Special.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West. 8.50-9.00 Smith and Friends.

SCOTTISH

11.00 a.m. More Power From Water. 11.20 Trafficopter. †1.25 p.m. Road and Weather Report. 2.00 Housecall. 5.20 Babar. 5.25 Crossroads. 6.00 Scotland Today. 6.30 Supersonic. 7.00 Love American Style. 7.10 The Tuesday Movie: "Blossoms In The Dust," starring Greer Garson and Walter Pidgeon. 11.50 Late Call.

SOUTHERN

10.05 a.m. The Nature of Things. 10.30 Hammy Hamster's Adventures on the Riverbank. 10.40 Untamed World. 11.05 Wait Till Your Father Gets Home. 1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day. 6.05 University Challenge. 7.15 The Tuesday Film: "Move Over Darling," starring Doris Day. 11.40 My Name is Alan Price. 12.05 a.m. Southern News Extra.

TYNE TEES

10.55 a.m. Starting Point. 11.00 The Magic Pencil. 11.05 Inner Space. 1.20 p.m. Lunchtime News and Lookaround. 1.30 Love American Style. 5.20 Emmerdale Farm. 6.00 Today at Six. 7.00 Cartoon Time and Betty Boop. 7.15 "Take Her She's Mine." 11.40 The Greatest Fights of the Century (Burns v. Muir). 11.50 Epilogue.

ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 4.23 Ulster News Headlines. 5.20 The Protectors. 6.00 UTV Reports. 7.00 The Ghost and Mrs. Muir. 7.30 Tuesday Movie: "The Left Hand of God," starring Humphrey Bogart and Gene Tierney. 11.40 UTV Profile.

WESTWARD

9.25 a.m. Inner Space. 9.50 The Woody Woodpecker Show. 10.15 Shirley's World. 10.40 Riptide. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Wait Till Your Father Gets Home. 6.00 Westward Diary. 7.00 Curtain Raiser. 7.10 Mystery Movie: "A Clear and Present Danger." 11.40 Westward Late News. 11.45 Faith for Life.

YORKSHIRE

11.00 a.m. Hammy Hamster's Adventures on the Riverbank. 11.10 But Man is the Boss. 11.35 Skippy. 1.20 p.m. Calendar News. 5.20 Emmerdale Farm. 6.00 Calendar. 7.00 Bugs Bunny. 7.15 The Tuesday Film: "Take Her, She's Mine," starring James Stewart. 11.40 Chopper One.

RADIO 1 247m

(S) Stereophonic broadcast.

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Johnnie Walker including this week's Top 30 discs and 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (Joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Simon Bates (S) including 7.15 and 8.15 How Far Can You Go? 8.02 Test Cricket (report). 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 9.15, 10.15, 11.15 Christmas competition. 10.02 Test Cricket (report). 10.30 Waggoners' Walk. 11.30 Jimmy Young (S) including 12.15 p.m. and 1.15 Christmas competition. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m. only (also 202m. Scotland) 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Three in a Row. 7.30 Robin Richmond: The Organist Entertains (S). 8.02 Among Your Souvenirs (S). 9.02 The Songwriters: Ray Noble (S). 10.02 Ian Carmichael's Music Night (S). 11.02 Sports Desk (1500m. only, also 202m. Scotland, VHF joins Radio 1). 11.05 Colin Berry with The Late Show (1500m. only, also 202m. Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Palestrina (S). 9.35 Malcolm Binns piano recital (S). 10.25 Mozart, part 1 (S). 11.30 Interval Reading. 11.35 Mozart concert, part 2. 12.10 p.m. Words . . . (Gardew Robinson). 12.15 BBC Northern Symphony Orchestra, part 1: Chopin (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Concert, part 2: Shostakovich (S). 2.10 Music In Our Time (S). 3.15 Humfrey and Schütz concert (S). 3.45 Lutoslawski concert (S). 4.55 Jazz Today (S). 5.25 Pied Piper (S). 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Work and Training. 7.30 Music in Question (S). 8.00 Live from the Festival Hall, part 1: Beethoven (S). 8.40 Three English Childhoods. 9.00 Concert, part 2: Schumann (S). 9.50 Drama Now (S). 10.25 Bartok, Kodaly and Vaughan Williams concert (S). 11.25 News.

RADIO 4

434m, 330m, 285m and VHF
3 Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today, including 6.50 VHF Regional News. 6.55 Weather, programme news. 7.00 News and more of Today, including 7.27 Sportsdesk. 7.35 Today's Papers. 7.45 Thought for the Day. 7.50 VHF Regional News. 7.55 Weather, programme news. 8.00 News and more of Today: 8.27 Sportsdesk and 8.35 Today's Papers. 8.45 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Down Your Way. 11.45 John Ebdon. 12.00 News. 12.02 p.m. You and Yours. 12.27 Just A Minute. 12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour, including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Pride and Prejudice (S). 4.00 News. 4.05 Gardeners' Question Time. 4.35 Story Time. 5.00 PM Reports. 5.50 Financial Report. VHF Regional News. 5.55 Weather, programme news. 6.00 News. 6.15 My Word! (S). 6.45 The Archers. 7.00 News Desk. 7.30 Kaleidoscope. 8.00 Live from the Festival Hall, part 1: as Radio 3 (S). 8.40 Three English Childhoods (as Radio 3). 9.00 Orchestral Concert, part 2 (as Radio 3) (S). 9.50 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London

208m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Downtown. 11.03 In Town. 12.03 p.m. Call In including 12.45 London News Desk. 2.03 206 Showcase. 4.03 Matter of Fact. 4.32 Home Run including 5.00 and 6.00 London News Desk. 7.00 In Town. 8.00 Holiday Scene. 8.30 All That Jazz. 10.03 Robbie Vincent's Late Night London. 12.00-12.05 a.m. As Radio 2.

London Broadcasting

261m and 97.3 VHF

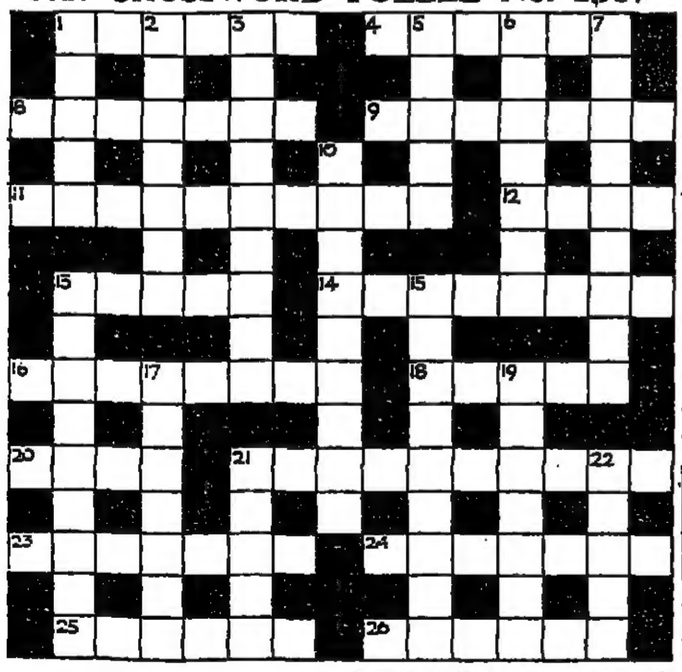
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 George Gale—talking to London. 12.00 Newswatch. 2.00 p.m. Newswatch—second edition. 5.00 Newsbreak. 7.30 London Matters. 9.00 Robin Houston's Nightline. 1.00-4.30 a.m. Nightwatch (news every half-hour).

Capital Radio

194m and 95.8 VHF

6.30 a.m. The Breakfast Show. 9.00 Michael Aspel presents music, guests, competitions and "Swapshop." 12.00 Cash on Delivery. 3.00 Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It (rock show). 11.00 Tony Myatt and his late night show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 2,957



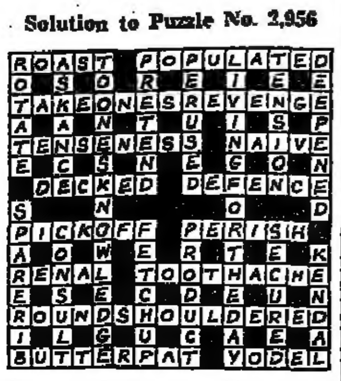
ACROSS

1 Lavish friends return in the air (4, 2)
4 Better person beheaded by walker (6)
8 Blind as Samson in Gaza (7)
9 Getting on domestic card game (3, 4)
11 Invitation to opponent to drive first to judge's address (4, 6)
12 Biography written in one long sentence (4)
13 Have a go on way to appointment (5)
14 Decline variety act from London (4-4)
16 Vessel taking strain for fellow countryman (8)
18 Bird goes to East Africa with broken leg (5)
20 Row made by fastener (4)
21 Increase in larceny is quietly approaching (8, 2)
23 Dented cooker at home (5, 2)
24 Clip on the head gets motorist awkwardly cornered (7)
25 Torrent that was to follow Mme. de Pompadour (6)
26 Signal for old airline to study (6)

DOWN

1 Authority to talk like this (3-2)
2 Adverse sensitivity to everything grey maybe (7)
3 Clean out of sight (9)
5 Runner between two stones (5)
6 Tall MP I strangely illuminated like an urban street (7)
7 Strengthen check on police (9)
10 Explosive situation in female make-up over draught beer (6, 3)
13 Using left and right when boxing seems clumsy (3-6)
15 Revolutionary part taken by HQ in fixing car dimension (9)
17 Coming to a right competitor (7)
19 Information little by little boy applied to class (7)
21 Cast supporting injured member (5)
22 Marriage making Jack flag (5)

Solution to Puzzle No. 2,956



Grand Palais, Paris

Millet—painter of nostalgia

by DENYS SUTTON, Editor of Apollo

Jean François Millet (1814-75) as one of the most revered asters of the nineteenth ntury with warm admirers, not ıly in Europe, but in the U.S. nerican painters such as illiam Babcock and William orris Hunt became his friends d made every effort to ensure at his art was appreciated back me. Millet became something -a Guru, not least in Boston, iere local collectors secured me of his finest works.

Then, as is often the case, a re- tion set in and his art fell from vour. Some artists and connois- urs — Sickert and Kenneth ark among them—cherished his ırk but it was only in the years :er the 1939 War that greater :erest began to develop in this stwhile idol.

Now there is a chance to see llet's art in depth at the Grand lais, Paris, in a vast exhibition iich, on a somewhat reduced ıle, will be on view at the yward Gallery early next year. has been brought together by ofessor Robert L. Herbert, of le University, the leading thority on the artist who is sponsible for the comprehen- e catalogue—a veritable mono- aph.

The exhibition contains most Millet's masterpieces as well many unfamiliar paintings. e phases in Millet's evolution e clearly shown. His develop- ent is fascinating, for it ickly becomes evident that he s no naif, but a sophisticated d learned artist. He swiftly andoned painting the rather ff early portraits, such as that Madame Marescot (private llection), wearing her Norman address, to paint in a romantic om. One of his most unusual rtraits is that of his friend Duitre (private collection), iich a dealer once considered be a portrait of Chopin.

Millet was born at Gruchy on r Normandy coast, but soon ınd his way to Paris, where he inted charming nudes and nantic compositions that bear ne relationship to Diaz and ess how a Rococo under- rent survived the rigours of o-Classicism. These are paint- s that show Millet's skill as a ourist.

Understandably the com- itions of the period—1848 was year of revolutions—affected llet's outlook and he sub- ıbed to the naturalistic rrents of the 1840s. Yet he s not a political artist after fashion of Courbet and umier. His commitment was art, not politics. Significantly, retreat to Barbizon was due fear of cholera and no doubt ris's noise preyed on him, for was a nervous man.

Millet found congenial themes peasant life—men working in fields, girls guarding their flocks and the routine of the farm. Yet his peasants never wear tattered or mud spattered clothes: he saw them excuses to demonstrate his ability to suggest static movement. They also permitted him to present an ideal vision for, as an admirer of Poussin, he was attracted by his predecessor's theory of the *affetti*—the pure crystallisation of emotional experience in a work of art.

Millet lived at a time when the impact of industrialisation was starting to take a grip on France; the old world was vanishing. He became an artist imbued with nostalgia, seeking to record in his poetical way the "idyllic" life of the country. In a sense, the scenes of peasant life painted by this lover of Virgil and Theocritus may be considered as continuing the tradition of eighteenth century pastoralism.

He was also a traditionalist in the sense that he believed in the family and he once declared that people should keep their station. He was the opposite of a revo*lutionary and it may even be* argued that his idealism anticipates the views of such writers as Paul Bourget. This novelist argued in *L'Etape* that one of the principal errors of modern life was the cult of equality, which, if implemented, would destroy society and human values. Bourget and his circle, Richard Griffiths pointed out in *The Reactionary Revolution* (1966), "looked back to a golden age of mutual trust between the classes, a state which they saw partly reflected in the paternalist society of the countryside, as yet untouched by the new *principles of the industrial society.*" This is the mood conveyed in many of Millet's pictures; it is hard to imagine his peasants manning the barricades.

The Entertainment Guide is on Page 28

Millet was a gentle painter. This exhibition brings out his connection with the Dutch seventeenth-century school: many of his pictures are cabinet paintings, one reason, no doubt, for his appeal to well-off collectors in his own day. Their delicate tonalities are not without echoes of Pieter de Hooch or Ostade; the connection with Dutch art is no less noticeable in his watercolours.

In his later works, Millet adopted a richer and more colourful palette. A picture, such as *Le hameau Cousin* at Rheims, which took him twenty years to finish, has a succulent pigment that anticipates that of Bonnard. His sparkling, too, is the famous *Le Printemps*, of 1868-73, in the Louvre, which Professor Herbert perceptively relates to Constable and Ruysdael.

Millet: Homme portant un fagot

One of the pleasures of the show is provided by the drawings — marvellous sheets which appealed to artists such as Degas and Odilon Redon. They show once again Millet's ability to capture form and to convey the essence of a subject with a few subtle strokes. Professor Herbert has wisely included in the show drawings relating to specific pictures, so that the genesis of a composition may be studied. For instance, he has assembled the preliminary studies and variants for one of Millet's major pictures, *Les Bêcheurs*, in the *Boston Museum*. There was nothing casual about Millet's art and each move, as it were, was carefully planned; moreover, it is worth recalling that he never painted out of doors; he was a studio man.

More information about Millet the draughtsman may be gathered from Rosalie Bacou's handsome book illustrating the best of his drawings in the Louvre (*Phaidon, £25*). She discusses them with insight and cogency, quotes contemporary opinions about Millet's art and draws attention to the originality of his nightpieces. These beautiful and mysterious drawings suggest the influence which Millet exerted on artists such as Seurat.

This delightful book and the exhibition substantiate the claim that Millet was a major artist and make it understandable that he appealed to Dégas, Puvis de Chavannes, Odilon Redon and Van Gogh. The last-mentioned copied some of his works and rightly said of him that "In Millet, everything is at once reality and symbol."

Imperial Tobacco Awards for Radio

Members of the Radiowriters' sociation, or other members of e Society of Authors, the pro- amme companies (BBC and A), and radio critics of the tional and local Press will be vited to make nominations for e new Imperial Tobacco wards for Radio which are to given by Imperial Tobacco, in -operation with the Radio- iters' Association.

The main awards will be made writers in the fields of radio ama, light entertainment, docu- entaries, talks and features. om these winners will also come the award for the single most outstanding contribution to radio-writing during the year. The final selection from the nominations will be made by a jury of radio-writers and critics.

Additional awards will be given to recognise work associated with radio-writing, for production or direction, the best actor and actress, and the best presenter of a programme.

The first awards will cover the year July 1, 1975, to June 30, 1976, and will be announced and presented at a function to be held towards the end of 1976.

Martha Graham at Covent Garden

The Martha Graham Dance mpany will visit Covent rden next summer from July 31. This is their first visit to itain in ten years, and their st ever to Covent Garden. gether with the Royal Ballet's it to America in the spring, it ll be a major cultural change in the Bicentennial ebrations of 1976.

Miss Graham, who founded the mpany just over 50 years ago, ll be with them. The season ll open with a special gala ening. The visit has been ranged in co-operation with bin Howard, Director General the London Contemporary Dance Trust and the Chairman of the international committee for the Martha Graham 50th anniversary celebration.

Virginia McKenna to follow Jean Simmons

On January 19, 1976 Virginia McKenna will take over the lead role of Desirée in *A Little Night Music* at the Adelphi Theatre. She co-stars with Angela Baddeley and Joss Ackland. Jean Simmons will leave the company on January 17.

Leonard Burt

Andrew Robertson as Lord Fancourt Babberley in the Young Vic's production of Charley's Aunt, which opened there last night.

Royal Court

A Tale of Three Cities by B. A. YOUNG

The three cities are London, Paris and Addis Ababa, and the subject is exile. The author, Gebre Yohanse Asefaw, is a young Ethiopian who came to England for education and gave it up in favour of cleaning in hospitals.

His play, the first he has written, contains two plots, loosely strung together. One concerns a Frenchman who went to Addis to sell perfume and bankrupted himself by giving it all away to Ethiopian girls. He then got an agency to sell cars and bankrupted himself again in the same way. Then he hanged himself.

The second story is about an Ethiopian writer in London, earning his living by cleaning toilets; and from him we learn the serious things about exile. *He can't reconcile the endless* eating of the family with whom he lodges and the starvation of his own people which they watch on their television. He feels that he is suspected of (to use his own analogy) coming here to eat grass and then eating bacon and eggs. Inquiries into his status effect him like third-degree torture. There seems to be a universal conspiracy going on around him. Like the Frenchman, he too dies violently; his landlord knifes him on suspicion of sleeping with his wife.

Though the subject-matter is serious, the treatment is not. Extraneous characters of all kinds are introduced and play irrelevant scenes: an Indian doctor lectures on world peace, an Ethiopian priest preaches forgiveness, an English peer brings on a donkey in a parody of Palm Sunday, a German psychiatrist tells of persecution in Europe. Some of these passages are very funny, some are tedious, most are too long.

Nicholas Wright's direction is full of amusing quirks; one would like to know which are his and which the author's. The immense cast overflows from the stage into the front row of the stalls and two blocks in the circle. There are constant Pirandello-like changes between actor and character. More discipline is called for; on the other hand, with more discipline the play might not be so funny.

Elizabeth Hall

Nash Ensemble

The declared intention of Sunday's concert, uniting the Nash Ensemble and the New London Ballet, was "to draw musicians and dancers closer together . . . so that the instrumentalists become part of the design of the ballet from its inception." Not wildly novel as an idea, and not one which has in my experience worked particularly happily in the past. Stravinsky wanted the musical forces on stage for *Les Noces*, and didn't get it, though the idea might have proved interesting; and Dali once tried to have a grand piano dropped into the middle of a ballet he was designing, and was mercifully over-ruled. But movement against the static presence of musicians often invites a certain dissipation of interest, or else relegates the instrumentalists to the status of scenery.

The Nash Ensemble began the programme with a fluent account of the Poulenc sextet, and then *Marian St. Clair and* Michael Beare danced André Prokovsky's decorous duet to the Fauré 'cello *Elégie*, which was played with silken tone by Christopher van Kampen. Here the dancers, moving across a somewhat slippery stage as if drawn by the music, made a touching effect, but the succeeding *Zany*, having its world première, dispelled the good will thus created. Daryl Runswick's score is for instrumental septet; its theme a Commedia dell'arte troupe improvising a drama. The dancers, in choreography by Patrick Wood and Richard Sikes, involve themselves in mysterious caperings, with the musicians dressed like some dire Pierrot band in an Edwardian postcard.

We know and admire Ronald Hynd's *Valses Nobles et Sentimentales* in the New London repertory. Its matching of shipboard romance with the score is happy, even in the Elizabeth Hall, and Galina Samsova's radiant presence gives the piece its heart. The real advantage in this performance, though, was the playing of the pianist Clifford Benson, as atmospheric and elegantly dramatic as Samsova's dancing.

The final *Commedia I* is set to Richard Rodney Bennett's clear-textured sextet, and finds Miss Samsova and four cavaliers each impersonating an instrument—the percussionist alone is not doubled by a dancer. André Prokovsky has made neat neo-classic choreography, and the clear relationship between the white-clad dancers and the musicians offers an intriguing visualisation of Bennett's taut instrumental drama. *Commedia I*, indeed, fulfils the Nash Ensemble's desire to bring dancers and musicians together, and is well worth while.

CLEMENT CRISP

Festival Hall

Spring Symphony

by RONALD CRICHTON

Britten's Spring Symphony was eclipsed in popularity by the War Requiem and then, unfairly, shared in the neglect that was an inevitable reaction to the later work's huge initial success. Now we are presumably far enough away for them to take their rightful place in the choral repertory. The outlay could still be a deterrent. Although it is less demanding than the Requiem, the Symphony calls for a boys' choir as well as a large chorus, and three experienced soloists. Most of the necessary factors were present in Sunday's lusty performance by the Royal Philharmonic Orchestra under Sir Charles Groves.

The heroes of the occasion were the London Symphony Chorus, trained by Arthur Oldham to produce the clean attack and bright open tone more often associated with choirs a good way north of the Thames valley. As an East Anglian exposed since childhood to cold winds, Britten was unlikely to romanticise spring, and for all the jug-juggery and tu-witta-wooing of the *earlier poems in his* anthology the painfulness of the year's rebirth is not *shirked*. The urgency of the introduction ("Shine out, fair sun") was positively disturbing—such a cruel picture of "black winter freezing to his seat" seemed libellous on a December day more beautiful and not so very much colder than what we normally have in April.

The chorus was equally stirring in "The Morning Star" at the end of the first part, where Britten at last allows his textures to warm right through with a brilliantly-placed unison passage. The Wandsworth School Boys' Choir made a merry shout of "Summer is icumen in" at the symphony's end: maybe some of their predecessors have tongued "Strawberries swimming in the cream" more nimbly, but that is the kind of passage where the past is likely to seem better than the present. The orchestra, brass especially (burping cowhorn included) was as lusty as the chorus but not always so crisp.

Of the soloists, Teresa Cahill was blithe and sunny, but no soprano will make or mar a performance of this work—doubtless because Britten did not write the part "on" a voice he knew, at least not on one he knew as well as Ferrier or Pears, the original contralto and tenor. Their successors on Sunday were Barbara Robotham and Anthony Rolfe Johnson. Miss Robotham, standing in at short notice for Helen Watts, was musical but understandably over-discreet. She was not helped in "Out on the lawn" by too noisy intimations of war from the orchestra. Mr. Rolfe Johnson gave the Wandsworth boys a lesson in *good articulation in "When will* my May come"—he is good at projecting a voice still light for a large hall.

Dvorak had the first half to himself with a likeable performance of the *Scherzo capriccioso* that would have been wholly excellent with a little more polish, and the Violin Concerto. Every time it turns up one hopes to enjoy this and find it wrongly neglected but disappointment usually comes. It came again, in spite of a sturdy and rhythmically fiery reading from the young Czech violinist Vaclav Hudecek. He is a promising player, but his confident attack deserves more consistently unclouded tone and cleaner intonation. Groves and the RPO made the most of the beautifully ingenious scoring that is the concerto's strong point.

Collegiate Theatre

Giasone by ELIZABETH FORBES

Opera Viva Workshop's production of Cavalli's *Giasone*, was the first in Britain. Using the edition made by Marcello Panni for Genoa in 1972, Leslie Head conducted two performances of the opera last week at the Collegiate Theatre. This edition is scored for flutes, oboes, bassoon, trumpets and trombone, as well as strings and continuo, and it is no denigration of Mr. Head or the Opera Viva Orchestra to point out that the resulting sound can bear little resemblance to the original as performed at Venice in 1649.

Giasonè was one of the most successful of all Cavalli's operas, and though it was possible, with the ears of faith, to understand the work's popularity from Saturday's performance, it certainly needed more than a modicum of indulgence on the part of the audience.

The libretto by Cicognini (the opera was sung in Italian) is a version of the story of Jason and Medea, who are in the middle of a torrid affair at the beginning of the piece. By the end, both have returned to former lovers, so making a happy ending. A quintet of servants provides comic relief and a sub-plot of sorts. The obligatory Prologue has Sole, the God of the Sun, arguing on the side of Medea (his niece) against Cupid who favours the claims of Isiphile who was formerly in love with Jason. It is, of course, Cupid who wins. To make Sole into a whip-cracking ring-master, for all the world like the Animal Tamer in *Lulu*, was one of Christopher Renshaw's less happy production ideas.

Jason himself cuts an unheroic figure. At the instigation of the jealous Medea, he tries to have Isiphile drowned. Unfortunately it is Medea who gets thrown in the sea, and having been rescued by her former lover, Egeus, she rather naturally prefers to return to him, leaving Jason to respond, with very bad grace, to the passionate pleading of Isiphile. Anthony Bremner (counter-tenor) endeavoured to bring sincerity to Jason's irresolution, but neither his voice nor his stage personality was strong enough to lend the character much conviction. As Medea, Sydna Withington (contralto) sang firmly. Her famous incantation scene at the end of the first act, where she summons up the spirits of the underworld to aid Jason, was splendidly declaimed.

Yara Labal (soprano) sang Isiphile's long declaration of love for Jason, which contains some of the best and most moving music in the whole opera, with praiseworthy conviction and real pathos. Paul Ferris (tenor), as Egeus, has an almost equally effective scene in which he laments the loss of Medea's love, and he sang it in the proper spirit of noble resignation. Patricia McCord, a jolly Alinda, rejoicing in the number of soldiers to be found on the island where the whole cast has conveniently been shipwrecked, and Christopher Adams as Demo, the stuttering servant to Egeus, convinced that he and his master have perished in the storm, were both notable. Leslie Head did not differentiate sufficiently between recitative, arioso and aria, nor did he shape the vocal lines subtly enough. As a result, much of Cavalli's highly-developed power of expression was lost or dissipated in too rigid rhythms.

Christmas on the South Bank

Christmas on the South Bank has three principal attractions. The first is at the Royal Festival Hall, where London Festival Ballet will present its annual production of *The Nutcracker*, commencing on Boxing Day and running till January 10.

In the Queen Elizabeth Hall, Derek Block presents *Paco Pena Flamenco Puro*, opening on Boxing Day and finishing on Saturday, January 3. After a gap of two years, Paco Pena returns to the South Bank for the Christmas season with a new company not yet seen in this country.

In the Purcell Room, Margaret Wolfit, daughter of the late Sir Donald Wolfit, will present her own dramatisations from the novels of George Eliot. From December 29-31 she will present extracts from *The Mill on the Floss*, and from January 1-3 the programme, under the title *Strange Contrasts*, will consist of extracts from "Adam Bede," "Felix Holt" and "Daniel Deronda."

Sibelius violin competition

Yuval Yaron, 22, of Israel, won first prize in the Jean Sibelius Violin Contest in Helsinki. He also received two other prizes, one given by the Finnish Broadcasting Company for the best interpretation of the Sibelius violin concerto, and the other awarded by the critics.

WORLD TRADE NEWS

● NEWS ANALYSIS—CHINA'S JET ENGINE ORDER

Toughest task yet for R-R

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE ROLLS-ROYCE success in clinching the £80m. Spey jet engines deal with China represents one of the toughest and long-drawn out sales negotiations ever conducted by the company. It is almost comparable in magnitude of effort to that which won the U.S. Lockheed TriStar contract for the then untried RB-211 engine in the late 1960s.

At that time, Rolls-Royce was trying to sell an unbuilt, unproved engine of revolutionary concept to a tough U.S. aircraft manufacturer who wanted to know everything not only about the engine but also about the manufacturer and the way he ran his business. But there were two saving advantages in that at least both sides were talking the same language — English — and that access to the U.S. was easy to arrange.

In negotiating with China, on a well understood engine the Spey discussions were as tough, and the Chinese just as demanding. There were the added hurdles to overcome of getting in to—and out of—China and once in, of having everything translated into Chinese: contract documents, technical brochures, letters, day-to-day memos, and so on.

While the U.K. Foreign Office and the British Embassy in Peking did much to help smooth the path, the basic reason for the ultimate success of the deal is simply that the Chinese themselves wanted the Spey. Had they not wanted it—had Rolls-Royce been trying to sell them the engine "cold" from scratch, the task would have been much more difficult, if not impossible, as many other businessmen worldwide have already found in dealing with China.

The Chinese interest in the Spey began when they first bought three surplus Trident airliners from Pakistan's International Airlines several years ago. They liked the areoplane, because it fitted their route network, it was comparatively easy to maintain, having been well proved by British Airways, and they got on well with Hawker Siddeley engineers who went to China to help set up the necessary engine overhaul facilities.

The Chinese also had a long experience with Rolls-Royce, since they had bought some Viscounts many years ago, powered by Dart turbo-prop engines. Moreover, the Chinese did not want to deal with the U.S. or the Russians.

More Tridents

Those contacts led in turn to an order from the Civil Aviation Administration of China for more Tridents, until there were 35 on order, with a large team of Chinese engineers in Britain undergoing training, and a team of Hawker Siddeley and Rolls-Royce engine men in China.

From that point on, the progression to the latest deal was slow, requiring infinite patience on the part of Rolls-Royce (1971). For one thing, as all business negotiators with China point out, the Chinese cannot and will not be hurried. They have their own method and pace of doing things, and will not change it, no matter how desperately they appear to outsiders to need the equipment involved.

It is difficult for anyone in Rolls-Royce (1971) to be able to say precisely when the possibility of Chinese-licensed manufacture of the Spey became a major discussion point. The topic evolved largely because the Chinese themselves, already equipped with spare Speys for their Trident airliners and anxious to buy more, came to realise that in the Spey they had the nucleus of the aero-engine industry they needed with which to end reliance on the Soviet Union, which had existed since the late 1940s.

Personnel

As the discussions with the Chinese advanced, Rolls-Royce found itself sending out not only more and more personnel, but also equipment. It became necessary, for example, to provide typewriters, secretaries and office equipment of all kinds down to paper-clips. Translation facilities alone required a small staff of its own, both in China and in the U.K. The last lap of the deal took 14 weeks to complete by a team of 11 men.

One of the reasons why Sir Kenneth Keith, chairman of Rolls-Royce (1971), chartered a VC-10 jet from British Airways to go to Peking to sign the deal was the large number of personnel and equipment that had to be taken out, quite apart from the normal difficulties of reaching the Chinese capital (there are only a few scheduled air services from the West into China, run by Air France and PIA).

From now on, it is likely that Rolls-Royce will establish a semi-permanent office in China that will be the centre for all the work that will be involved in setting up facilities for producing the Spey under licence. This is likely to be the responsibility of Sir Stanley Hooker, the technical director of the company, who has had much to do with the deal, and who is by now an "old China-hand." During the course of his visits to that country he has so impressed the Chinese that they have made him an Honorary Professor of Peking University. He, at least, therefore, has the opportunity of making regular visits.

Everyone associated with the deal says the Chinese have been punctilious and courteous throughout the negotiations, but very tough. One Hawker Siddeley man who had been there some time earlier to negotiate the Trident deal said he would spend a day discussing a technical matter to the point of exhaustion, only to be courteously thanked for his "few brief introductory remarks," and asked to come back with more details. As with the Trident deal, so with the Spey engine contract. A Rolls-Royce man commented: "They now know everything about the Spey—just as much as we do—perhaps even more."

This last point is not so paradoxical as it may seem—for what is still not clear in the West, and even to Rolls-Royce, is precisely just what the Chinese intend to do with the engine. It has been reported that the Chinese have a secret military airframe design on the drawing boards aimed at out-flying the Soviet MiG 23s, and which has been designed round the Spey, based on the knowledge of the engine the Chinese have already built up with it in several years of Trident operation.

Airframe

If that is so—and there seems no reason to doubt it—it probably accounts for the Chinese meticulousness in the negotiations. It probably also means that for the first time, Rolls-Royce has found itself discussing a major deal without really knowing the details of what aeroplane their engine is ultimately destined for. All they can say is that the engine they are selling is the complete Spey, with afterburner, which means that it can be used for both civil and military aircraft if desired. Once they are building their own engines, the Chinese can do what they like with them.

Export Contracts

HIRST AND MALLINSON will supply 156 technical colleges in Nigeria with catering equipment worth £250,000.

METAMATIC (Metal Box group) will supply a £63,000 beer canning line running at 300 cans a minute to the Mahou Brewery, Madrid.

DUNBEE-COMBEX-MARX will ship moulds, ancillary equipment and materials valued at £700,000 in 1976 to Russia for toy manufacture. It will be the first instalment of a 10-year programme calling for a minimum of £2.5m. of DCM moulds to go to the USSR.

GULLICK DOBSON INTERNATIONAL, Wigan, will build an impact ripping coal mining machine, worth £80,000, for Metallurgimport, Moscow, with an option for a second machine.

JOY MANUFACTURING, of Epsom, Surrey, will make ten Microdyne scrubbers costing £72,000 for the Polish mining authority.

U.K.-Japan deficit £55m.—Treasury

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

THE U.K. TREASURY has produced figures which show that the U.K. last year had an overall deficit of £55m. in its trade with Japan and not the $800m. surplus claimed recently by the Japan Trade Centre (this page, December 4).

The Centre gave Bank of Japan figures claiming that the U.K. surplus on invisible trade more than offset the deficit on visible trade. According to the Bank of Japan statistics, the U.K.'s surplus on visible trade with Japan last year was $1.46bn.

The U.K. authorities have so far not produced figures for invisible trade by countries, but Mr. Edmund Dell, Paymaster General, has now stated that the U.K. surplus on invisible trade with Japan last year was only £195m., and the visible trade deficit £251m.

Mr. Dell, in a Parliamentary answer, stressed the difficulties of making a correct assessment of invisible earnings, but quoted the U.K. net surplus on services as £100m. last year, with an additional £95m. from interest, profits and dividends. The wide discrepancies between the two sets of figures, the authorities suggest, could be because the Japanese cannot easily measure true overseas earnings of British companies.

Moreover, British sources join issue with the Centre for suggesting that Japan's published visible trade surplus overstated the real figure.

Mr. E. S. Bush, secretary of the Japan Association, points out that Rolls-Royce engines in TriStars show up as exports to the U.S. in the British figures and as imports from the U.S. in the Japanese figures.

U.K. sources believe the published figures understate the deficit on visible trade. If account is taken, for example, of ships from Japan delivered to U.K. companies and registered outside the U.K., the true deficit might have been as much as £350m. last year.

INVISIBLE U.K.-JAPAN TRADE

	1974 £m.	1973 £m.	1972 £m.
U.K. Treasury figures:			
Services (net)	+100	+ 80	+ 60
Interest, profits, divs. transfers (net)	+ 95	+ 35	+ 10
Invisible balance	+195	+115	+ 70
Bank of Japan figures:			
Invisible balance	+625	+306	+186

France offered Canadian telephone deal

By Christopher Lorenz

AN ELEVENTH-HOUR bid to persuade the French Government to buy Canadian equipment for part of its $200m.-plus telephone exchange expansion programme has been made by Thomson-CSF.

Offering the SP-1 exchange designed by Northern Electric—but which would be built in France for the local market—Thomson has been competing against five other tenders. All were put in during September by French companies, but only one of the computer-controlled exchanges (offered by ITT) was designed in France. Apart from Canada, the other design sources were Japan, the Netherlands, Sweden and West Germany.

Thomson originally offered the SP-1, but now it and its Montreal-based partner have announced an updated version called the SP-1E, which is more compact, has a higher capacity, and will use the latest microcircuit technology, including a faster processor and high density memory.

The move is being interpreted as a last-ditch attempt to gain acceptance for the Canadian system. If the Thomson bid is rejected, however, it is likely to be ready—in common with some of the other unsuccessful French candidates—to manufacture a competitive system.

Saudis may seek to purchase Jaguar jets

By Richard Johns, Middle East Editor

PRINCE Turki ibn Abdel-Aziz, Saudi Arabian Deputy Minister of Defence, arrives in London to-morrow for talks with the British Government that may cover the possible sale to the Kingdom of the Anglo-French Jaguar fighter-bomber.

Radio Riyadh announced yesterday that Prince Turki would "continue talks with the British Government on the Saudi Army armament and a project for the Air Force." Formally the purpose of his visit is to review the progress of work being carried out under the government-to-government air defence agreement of May 1973, according to Whitehall sources.

This £250m. deal was concerned with air defence infrastructure, maintenance and train—superceding and extending the 1967 contract under which Lightning interceptors, Strikemasters and Rapier missiles were supplied. But it was always seen as an agreement that could provide the framework for the eventual purchase by Saudi Arabia of the Jaguar.

Accompanying Prince Turki will be the Commander-in?Chief of the Royal Saudi Air Force and other high-ranking officers. Their visit follows only two and a half weeks after the "presentation" by the British Aircraft Corporation of a Jaguar in Riyadh.

Crown Prince Fahd, First Deputy Premier, touched on the question of Jaguar when he was in London in October. Subsequently, during Egyptian President Sadat's State visit last month, the British Government agreed in principle to the sale of offensive weapons to Egypt which, it must be assumed, would be given an option on the use of any sophisticated aircraft bought by the Saudi Arabians.

What is not clear at this stage is just how precisely Saudi interest in the Jaguar fits in with the wider plans for the Arab Military Industries Organisation. Egypt now wants to jump in at the deep end by assembling a sophisticated offensive aircraft rather than a simpler one like the Hawker Siddeley Hawk trainer-ground support aircraft.

At the same time the Saudis, who are making the major contribution to the financing of the AMIC (with its initial capital of just over $1bn.), are understood to be anxious that a significant part of its capacity should be established in the Kingdom itself.

As a low-level strike aircraft, the Jaguar would be compatible with the Mirage F-1 that may be manufactured in Egypt as a result of the recent French agreement to assist with the development of an Arab arms industry. In military aviation circles it is considered that Dassault could only make available the high-level interceptor version now that the future of the multi-combat version powered by a M 53 engine is in doubt. Following France's failure to win the "order of the century" for equipping Nato air forces, the latter is neither funded nor in production.

As for the Hawk, it now seems more likely that Egypt will buy it "off the shelf" in Britain—if it does not choose the rival French Alpha jet trainer.

AMERICAN NEWS

Ford raises prices on wide range of vehicles

BY GUY DE JONQUIERES

NEW YORK, Dec. 15.

FORD surprised the rest of the U.S. motor industry this morning by announcing plans to raise its car and truck prices across-the-board early next year. Car and light truck prices will rise on average by 2.2 per cent. and 2.8 per cent. respectively on January 5, while heavy truck prices will go up by 3 per cent. on February 1.

Ford's action was followed this afternoon by the announcement of selective and much smaller car price increases by Chrysler. General Motors, however, said that it has no plans to raise car prices at present, though it will raise light truck prices by $35 on January 1 to cover the cost of new federal seat belt standards.

There is considerable uncertainty in Detroit as to whether Ford will be able to make its unilateral pricing action stick without damaging its sales performance in a market that has still not fully recovered from the major upheavals of the past two years.

Because of its huge size and market domination—it accounts for some 55 per cent. of domestic car sales—GM has traditionally been the acknowledged trend-setter in pricing for the industry. Its smaller competitors have succeeded only rarely in the past in sustaining price increases of their own if GM did not move as well.

Ford's market position seems all the more vulnerable now, because its traditional supremacy in the design and production of smaller, economical models is being hard-pressed by GM. In particular, Ford has no model to compete with GM's successful new Chevette, which went on sale in the U.S. last October.

Ford said that its action to-day, which also includes a 1.6 per cent. rise in optional accessory prices, was necessary to recover higher costs for labour and materials, including new safety equipment that will be required next year by federal law.

It said that during the past three model years it has been unable to recover costs of more than $350 per vehicle produced. Its price increases for the 1976 model year, which began last October, recovered only about 60 per cent. of expected cost rises during the model year, and even the latest price rise would not cover all 1976 model year costs.

Ford's price increases average $97 per car compared with increases of between $25 and $70 on certain Chrysler models. Chrysler said that its price increases, which cover brake and tyre improvements needed to comply with federal law, average out at about $3 per car.

The last industry-wide price increases occurred last October and averaged between three and five per cent. per car, though the ways in which the companies applied them varied considerably.

GM plumped for a straight across-the-board increase in car prices averaging 4.4 per cent. Ford raised the base prices of its cars by only 1.8 per cent., but it also made optional a good deal of equipment that had previously been fitted as standard, so that the net effect has a five per cent. increase.

Sharp attack on Moynihan in UN

BY OUR OWN CORRESPONDENT

UNITED NATIONS, Dec. 15.

MR. DANIEL Moynihan, the chief U.S. delegate, whose criticisms of the Third World countries have caused a fierce controversy in the UN, was himself the subject of a sharp personal attack to-day, by the representative of Mauritius, which will host next year's OAU summit meeting.

Speaking in the General Assembly, Mr. Radha Krishna Ramphul referred to Mr. Moynihan as a "paria," whom his colleagues were afraid to approach for diplomatic consultations because they dreaded "his language, his manners, and his abuse."

Mr. Ramphul said: "If this isolationist and arrogant trend continues, there may come a time when delegations representing the honour of their Governments and their people will have to recall Cicero's famous reply to a Moynihan counterpart in the Roman Senate: 'How long, O Catailus, will you abuse our patience?'"

Responding to arguments that New York alone among cities is able to accommodate the UN, the Mauritius delegate said the world body contributed $200m. a year to the city economy and provided work for 35,000 people.

He said he was prepared to recommend that the organisation move to Mauritius, where costs were only a fraction of those in the U.S.

Delegations and officials would "certainly be working in a much better atmosphere," he said.

Clearly referring to Mr. Moynihan's popularity with the American media, Mr. Ramphul said he did not think a member State should permit its representative to use the UN as a forum for developing a personality cult, "for publicity and for dramatic performances."

Finally, he said, sooner or later the UN must come to grips with the problem of "a defiant State declaring open warfare against the organisation." This was perhaps the worst of aggressions because it struck against the foremost guarantee against war.

Mr. Ramphul made his statement during the discussion of a resolution on the strengthening of the role of the UN, which was adopted.

Lockheed ordered to hand over documents

BY JUREK MARTIN

WASHINGTON, Dec. 15.

A FEDERAL judge to-day ordered Lockheed to turn over to the Securities and Exchange Commission all documents relating to the company's alleged bribery of foreign officials in its attempts to secure overseas arms contracts. Lockheed would have five days to meet any SEC request for information.

However, in apparent recognition of the arguments of Dr. Henry Kissinger, the Secretary of State, that full public disclosure might harm U.S. foreign policy interests, the judge appeared to give the State Department what amounts to a veto over publication of what it considers sensitive material.

He said that the SEC would have to give the State Department and other affected agencies of Government at least ten days' warning before revealing information in the documents which might impinge on foreign relations and implied that the administration could try to prevent publication in the interim period by applying to the court.

Lockheed has already admitted making payments to key foreign officials in the Far East and the Middle East and it has been suggested, but not so far proven, that the sales of aircraft to European countries has been accompanied by similar inducements. It was this that prompted Dr. Kissinger to advise the judge that there was "uncorroborated and potentially damaging" information in the Lockheed documents.

CHILEAN POLITICS

An opposition divided

BY HUGH O'SHAUGHNESSY, LATIN AMERICA CORRESPONDENT

GENERAL Augusto Pinochet Ugarte, the Chilean president, owes a large debt of gratitude to his political enemies. Their quarrelsome disunity and ineffectiveness is one important factor that has allowed him to make himself, at least temporarily, the supreme political boss of the country.

It must at once be admitted that it would have been very surprising if things had turned out otherwise. During the three years of the Allende period from 1970 to the coup d'état of 1973 the Government subsisted on always uneasy compromises among the six parties of the UP (Popular Unity) coalition, within the parties themselves, and between the coalition and the independent forces of the Left, notably the MIR whose impatient calls for direct action from the Government were a cause of untold embarrassment to Dr. Allende.

With the destruction of the parliamentary shell within which these compromises were finely adjusted the Chilean political system fell apart and the already imperfect unity shattered. To have expected anything else would have been as unrealistic as to have wanted a delicate watch to work after its case had been crushed by a tank.

The exodus of many political figures from Chile after the 1973 coup posed the problem of co-ordinating policy between those who left and those who stayed behind for clandestine political work. Virtually every party announced its opposition to the establishment of a government in exile, its decision to maintain the leadership within Chile and subordinate the exile's strategy and tactics to directives issuing from the interior. So far the Communist Party, the third largest after the Christian Democrats and the Socialists going by the last free voting in Chile, appears to have come out with the best coordination. Experienced in underground activities during the time when it was outlawed by President Gabriel Gonzales Videla (1946-1952) it is now controlled by Sr. Américo Zorilla, a former Allende finance minister, Sr. Victor Díaz, and Sr. Jorge Insunza.

The degree of its control over militants abroad may be gauged from the fact that it disciplined Sr. Volodia Teitelboim, probably the best known Chilean Communist now the prize-winning poet Pablo Neruda is dead and a frequent contributor to Radio Moscow's broadcasts to Chile, and Sr. Luis Figueroa, the Communist head of the CUT trade union federation, for acts of personal indiscretion. There even are reports that Sr. Luis Corvalán, the party's general secretary and Gen. Pinochet's most prized prisoner, is exerting influence on CP affairs in Chile despite his close confinement.

Similar discipline is maintained by the much smaller left wing MAPU, Obrero y Campesino or MOC. Its general secretary Sr. Jaime Gazmuri normally controls his party from within Chile but he recently visited London for the Popular Unity conference at Brown's Hotel and is now on his way back to Chile and clandestinity.

The Socialists have been less successful. Their indiscipline had alternately charmed and infuriated their supporters during Dr. Allende's time and before. The Socialist leader, the mercurial Sr. Carlos Altamirano, escaped from Chile some months after the coup and with Sr. Aniceto Rodriguez and Sr. Clodomiro Almeyda, Dr. Allende's Foreign Minister, constitutes one leadership outside Chile.

A rival leadership under Sr. Nicolás Garcia, who claims to represent the Socialist "regional co-ordinators" in the field in Chile, has set up a parallel leadership in Mexico City and relations between the two leaderships are not good, to say the least.

The Radical Party, whose leaders, Sr. Anselmo Sule, Sr. Hugo Miranda and Sr. Carlos Morales, are outside Chile, is thought to have fewer contacts with Radicals inside Chile and the small Christian Left and MAPU (not to be confused with MOC) parties are said to be in similar situations.

The combative MIR, which has made some of the most open gestures of defiance to the junta, has run into increasing difficulties. Its leader, Sr. Miguel Enriquez, was killed in a shoot-out just over a year ago in Santiago. His successors, Sr. Andrés Pascal and Sr. Nelson Gutiérrez, have both recently sought asylum in foreign embassies in Santiago. The declared MIR policy of never seeking asylum, of automatically suspending members who went abroad, and of maintaining a strong leadership within Chile are obviously under great pressure. The difficulties are not helped by what is believed to be an increasingly ambivalent attitude taken towards an external committee by its hosts in Havana, the Cuban Government, which had close ties with the MIR at one time.

Nor have the strains among the UP parties decreased. The three original stands of thought that always have existed continue to do so: the highly disciplined, unconditionally Muscovite Marxism of the Communist Party, a party which sent its congratulations to the Kremlin upon Russian invasion of Czechoslovakia in 1968; the New Left, Marxism of parts of the Socialist party and some smaller groups; and the penchant for Social Democracy, only lightly tinged with Marxism, that is to be found among some other Socialists, some Radicals and some of the smaller parties.

The non-Communists realise for instance that their campaigns against the use of torture as an instrument of government lose some point when they are associated with a Communist Party which would not criticise the Russians' treatment of Dr. Sakharov and the consigning of dissidents to madhouses. For their part the Communists, and with them the Russians and the Cubans, display extreme nervousness about anything that smacks of an attempt b Western European Social Dem crats to encourage the Soci Democratic tendencies withi UP.

A high level conference Socialists, Radicals, members the Christian Left, and seni Christian Democrats in Carac in July which excluded the Co munists caused particular co cern to the more orthod Marxists. The Cubans in pa ticular privately warned t Chileans of the need to safegua what they saw as UP's ideologic purity against the siren songs German, Venezuelan, Mexic and Costa Rican Social Dem crats whose wooing of the l doubtless found sympathy Washington.

Similar tensions have p vented agreement within over the siting of a perman headquarters for the moveme in exile despite full blown conferences in East Berlin a London. Western European s port would obviously drain aw if UP set up its permanent st in East Berlin or Prague. would the choice of a Weste capitalist country, even Swed be felicitious? Why not La America? But would Havana really suitable? Why not Algi —or even Athens? The probl remains unresolved.

But all is not black for Chilean opposition. T extremism of the Pinoc administration has brought i bonuses for them. As its hos vote in the UN a week showed Washington has ceremoniously dumped General as an intensely barrassing liability and reportedly seeking an inte replacement for him among fellow officers whom he has far-manoeuvred with succes.

General Pinochet's fro attacks on the Catholic chu and its leader Raúl Cardi Silva of Santiago have alienat all but a small minority of Christian Democrats. The pre conservative Christian De cratic leadership is increasir discredited and faces prospec presiding over the total annih tion of the party if its tempo ing with General Pinochet tinues. Thus willy-nilly Gen Pinochet is creating a polit alignment of the UP with Christian Democrats wi sooner or later will mean death of the junta. The opp tion too may owe him a g debt of gratitude.

GENERAL Augusto Pinochet, the Chilean President, has angrily rejected last week's vote in the UN General Assembly on conditions in Chile. The vote which condemned 'the constant, flagrant violations of human rights' by the military junta and called for restorations of rights and freedoms in the country was passed by 95 votes to 11 with 23 abstentions. Britain, the U.S., the USSR and most of the European countries except Spain voted in favour of the resolution.

In a major speech the General condemned the vote as "false, artificial, slanderous and profoundly unjust." Since September 11 1973, the date of the coup d'état against the Allende Government, the junta had, General Pinochet said, been moved by a "clear doctrine on human rights." He added: "In doing this we combined ourb igh moral sense of Christian inspiration with the realism required by an authoritarian Government in order to assure social peace."

Journalists at Post to stay in

Journalists at the Washing Post voted yesterday to stay work despite the paper's decis to hire non-union printing s to replace "pressmen" who h been on strike for the past n weeks, writes David Bell Washington.

After a four-hour meeting, local branch of the Washingt Baltimore Newspaper Gu voted by 361 to 219 to stay work in a move which r further isolate the printers v have refused to accept what Post has described as its fi offer. The pressmen h ignored the paper's ultimat that if they did not accept offer by mid-night last night Post would begin hiring perm ent, non-union replacemen They have refused to give the considerable control th now have over manning overtime.

U.S. concern over Soviet laser use

The U.S. to-day admitted concer over possible Soviet of lasers to "blind" Americ satellites which watch for Sov missile launches. It appe however, our Washington St writes, that the matter has actually been taken up with Russians.

The Pentagon's strategic ar limitation (SALT) negotiat Dr. James Wade, told the Hou of Representatives Armed S vices Committee yesterday th the U.S. needed more inform tion before judging whether reported Soviet activities mig be a violation of the SALT agr ment.

Eximbank nominee

The White House announ yesterday that President Fo is naming Stephen M. Dubr Jr., a New York investme banker, as head of the U Export-Import Bank, AP-I reports. Mr. Dubrul has bee a partner in Lazard Frères an Co. since 1972. Earlier, he w with Lehman Bros., another Ne York investment bank.

Hughes contracts

Billionaire recluse Howa Hughes has been awarded least $6bn. in contracts by th U.S. Government in the past te years according to th Pennsylvania newspaper th Philadelphia Enquirer. Eight per cent. of the contracts wer awarded without competitiv bidding, the newspaper said Most of the $6bn. represente Defence Department contracts.

Argentine devalues

In the 14th Argentine devalua tion since March the Centra Bank yesterday brought th Argentine new peso from 53.50 to 58 to the dollar, writes Robert Lindley in Buenos Aires. Wholesale prices in Argentine have risen 309.6 per cent. for the first 11 months of the year.

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EUROPEAN NEWS

BAOR talks 'will be tough'

BY NICHOLAS COLCHESTER

BONN, Dec. 15.

IMMINENT negotiations between Britain and West Germany over a renewal of the offset agreement that covers Britain's Rhine Army (BAOR) are going to be very difficult. This is the opinion of German Government and Foreign Ministry sources questioned in the past few days.

The offset agreement is designed to compensate Britain for the foreign exchange costs incurred in keeping its troops stationed here. The last agreement lasted five years and expires on March 31, 1976. It provided for a total German payment of DM550m. (£100m.) a year and for a German promise of maintained purchases of British military equipment.

Seeking cuts in British public spending and beset with the problem of a weakening pound the British Government has every reason to ask for a new agreement that bears a closer relationship to the current sterling cost of the Deutsch marks needed to maintain the British presence. Simply by applying the exchange rate shift to the cost figures that were valid for the early 1970s one can see that the current exchange rate cost must be close to £200m. a year. Germany's yearly payment at present is equivalent to £20m.

West Germany and the U.S. have yet to negotiate a new offset arrangement to replace a two-year agreement that expired last June 30. The word in Bonn is that Chancellor Helmut Schmidt took a firm line on the matter when he visited U.S. President Gerald Ford in October and that the outcome, now being worked out between the two countries at a lower level, will be the smallest formula that will satisfy the American Congress. West Germany's strongest bargaining counter against making further cash payments to the U.S. has been the DM18bn. worth of U.S. Treasury securities that the Bundesbank is now believed to hold as part of its currency reserves. It is explained here that Bonn's relative inflexibility vis-à-vis the U.S. makes a generous attitude towards Britain problematic and unlikely.

Officials here concede that they are not looking forward to the German-British offset negotiations. They do not mince their words in saying that the official relationship between the two countries is particularly strained at the moment because of recent disagreements on a variety of issues. Outstanding among these was the argument in Rome over Britain's representation at the Conference on International Economic Co-operation that opens in Paris to-morrow. Although a compromise was reached in Rome, the argument is said to have left the West German Chancellor particularly angry.

Brandt aide gets 13 years for spying

DUSSELDORF, Dec. 15.—GUENTER and Christel Guillaume, the man-and-wife Communist spy partnership whose unmasking brought about the downfall of Herr Willy Brandt as West German Chancellor in May last year, were sent to prison to-day for 13 years and eight years respectively.

The sentences brought to a climax one of the most sensational espionage dramas of the last 30 years. When he was arrested, Herr Guillaume, 48, was a close personal political aide of Herr Brandt, who resigned in the ensuing scandal.

Earlier this year, Dr. Guenter Nollau, head of West Germany's counter-intelligence bureau (Office for the Protection of the Constitution), resigned prematurely. Much of the trial over the last six months has been held in secret.

Frau Guillaume, 47, who "helped" her husband as a secretary in a State government office, told interrogators that many of the secret documents they photocopied were handed over to Communist East German couriers wrapped up in fancy paper to look like gifts.

According to police evidence at the trial, Frau Guillaume said she or her husband met various couriers from the East to hand over secrets about once a month for 15 years.

The couple came to West Germany in 1956 posing as anti-Communist refugees from East Germany.

The chubby, bespectacled master spy, who claimed when arrested to be an officer in the East German Army, started off by opening a snack bar as a cover while working voluntarily in the Frankfurt branch of the Social Democratic Party.

Thirteen years later, when the party came to power in Bonn under Herr Brandt, Herr Guillaume was promoted to the Chancellor's staff and three years after that, to be his personal aide. As such, he was constantly at Herr Brandt's side and had access to documents of the highest security classification.

Suggestions that the Guillaumes would not serve their sentence but would be quietly pushed over the border into East Germany in exchange for political prisoners from the West have been repeatedly denied by members of the Bonn Government, including the present Chancellor.

● East Berlin—East Germany reported the prison sentences on the Guillaumes without saying the couple had been jailed for spying for the Communist German State.

Reuter

Arias promises civil rights but avoids pledges

BY ROGER MATTHEWS

MADRID, Dec. 15.

SPAIN'S Prime Minister Carlos Arias to-night promised action to bring the country closer to the systems of Government in western Europe, but said that it was premature to present a detailed programme. In a statement released nine hours after the first meeting of the new Cabinet, presided over by King Juan Carlos, the Premier avoided making any specific pledges.

He stressed that special priority should be given to extending the liberties of individual citizens and civil rights in general. This would include action to change the law of association—not more than 19 people are allowed to meet in Spain without prior police authorisation—and to broaden the base of the country's institutions. This latter point is understood to refer to the Cortes, the "Parliament" set up by General Franco.

Sr. Arias also referred to the "constant improvement" that would take place in the functioning of the state, adding that the evolution and development of "Spanish democracy" would not tolerate any threat from those with totalitarian ideas.

There was also reference to the recognition of regional differences, the vital role of the church, the importance and unity of the army and, inevitably, the invaluable base provided by General Franco.

The delay in producing the statement and its lack of precise policies has lent weight to those sources suggesting that the government found it very difficult to agree on a text. Its imprecision will also come as a severe blow to those expecting a swift initiative from the King's new government and some positive indication about the type of policies that are to be adopted.

Meanwhile, the leader of the illegal Spanish Socialist Party, Sr. Felipe Gonzalez, has had his passport returned so that he can accept an invitation to attend this week's meeting of the European Parliament.

Military leaders meet

BY PAUL ELLMAN

LISBON, Dec. 15.

PORTUGAL'S military leadership was meeting this evening to try to settle its negotiating position over the revision of the pact between the Armed Forces Movement and the political parties.

The Revolutionary Council of the AFM, in a series of moves seen as a prelude to a less active role in the governing of Portugal, voted at the end of last week for an "immediate" revision of the pact.

Signed last April, the pact gave the military leadership the final decision-making authority for up to five years.

Since the abortive November 25 rebellion, however, calls have been increasingly heard from the parties and from elements inside the Revolutionary Council for a less political army.

This evening's debate was expected to see an attempt by Major Melo Antunes, the intellectual drivin gforce of the "Group of Nine" officers to convince his colleagues that the Armed Forces Movement still had a central role to play in Portugal's political development.

It is thought here that Major Antunes may well suggest that the Revolutionary Council should remain in being even after the introduction of a new constitution and that it should continue to have at least veto powers over a legislation that might be passed by any purely civilian government.

The Council was also expected to vote on changes to its membership to make up for members who were purged for their alleged part in the November 25 rebellion.

Brezhnev will not attend Cuban party congress

BY MOIRA CUNYNGHAME

MOSCOW, Dec. 15.

THE Soviet Party leader, Mr. Leonid Brezhnev, will not be attending this week's Cuban party congress, the first since Cuban leader Fidel Castro came to power in 1959. Instead, Mr. Mikhael Suslov, the senior party ideologue, has flown to Havana to represent the Soviet Union.

There has been considerable speculation as to whether Mr. Brezhnev would attempt the long journey in view of his health, especially since he has made a conspicuous effort to attend other Comecon party congresses.

However, his decision to stay in Moscow is seen here as being based more on political than on health grounds, because Mr. Brezhnev would presumably agree to fly to Washington if this was really necessary.

Politically, Cuba occupies a special position in Soviet foreign policy since it is not essential to Mr. Brezhnev's détente policies. On the contrary, it is both a heavy economic burden and a potential source of trouble in U.S.-Soviet relations.

If Mr. Brezhnev went to Havana he would feel obliged to make some strident remarks about Cuba's survival in the face of a U.S. blockade and this could exacerbate the current debate in the U.S. over the future of détente. The Russians are aware of how fickle the U.S. political climate can be in a Presidential electoral year.

The choice of Mr. Suslov would seem a good solution. He is sufficiently high in the leadership to satisfy the Cubans, but his remarks there will not carry the weight of Mr. Brezhnev and are unlikely to affect Soviet-American relations.

● In Fuerth, West Germany, U.S. Secretary of State Henry Kissinger yesterday described as an "outrageous fabrication" a report that he had been told Mr. Brezhnev is terminally ill with cancer.

Dr. Kissinger told reporters travelling with him on a visit to his birthplace that the report in Newsweek magazine was absolutely untrue. Other U.S. officials described the reports as "totally irresponsible."

Dr. Kissinger is known to believe that Mr. Brezhnev's political power is waning, but he has told West European Foreign Miinster that the Soviet leader could stay in office for as long as another three years.

Reuter

French trade deficit is halved

PARIS, Dec. 15.

France's foreign trade deficit deficit, seasonally adjusted, declined to Frs.750m. in November from a deficit of Frs.1.57m. in October, but was higher than the deficit of Frs.187m. a year ago, provisional figures show.

Seasonally adjusted imports increased 1.4 per cent. in November to Frs.20.02bn. from Frs.19.7bn. in October, but were 0.4 per cent. below the Frs.20.08bn. a year ago.

Exports increased 6.1 per cent. in November to Frs.19.3bn. from Frs.18.2bn. in October, but were 3 per cent. below the Frs.19.9bn. of November, 1971.

For the first 11 months of this year the seasonally adjusted trade surplus amounted to Frs.6.3bn., compared with a deficit of Frs.16.3bn. a year ago.

AP-DJ

Warsaw Pact Ministers meet

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

ON THE eve of a new session of MBFR talks in Vienna, at which Nato countries are expected to present fresh proposals aimed at breaking the deadlock, Warsaw Pact Foreign Ministers gathered in Moscow yesterday.

The Tass announcement of the meeting gave no indication of its purpose, but the Ministers will certainly have been discussing the expected Nato offer to withdraw 1,000 U.S. nuclear warheads and about 29,000 U.S. troops from West Germany in exchange for the removal of a whole Soviet tank army and about 69,000 men from the Pact's front line.

There has not yet been any official East European reaction to this proposal. However, unfavourable comments by diplomats from the East European countries to the effect that it was insufficient, appeared to be confirmed by a Czechoslovak newspaper report yesterday.

Rude Pravo, the party newspaper, said most of the warheads were obsolete and due for removal anyway. It also said the Nato proposal did not exclude the possibility of the warheads being returned to West Germany in the event of hostilities.

Privately, East Europeans have been taking the line that an offer to remove 1,000 warheads was meaningless in the context of the total of 7,000 warheads located in Western Europe.

However, the Nato proposal meets part of the Warsaw Pact's demand that certain categories of tactical nuclear weapons and aircraft should be included in the MBFR talks to make them meaningful.

Paris set for Leftist protests

By Robert Mauthner

PARIS, Dec. 15.

THE main Left-wing parties and trade unions to-day decided to stage massive demonstrations in Paris and the provinces on Thursday against the government's economic policies to coincide with widespread strikes this week in the public sector.

The stoppages will affect railway, electricity, postal and social security services as well as radio and television, but are not expected to lead to serious disruptions except on the day of the demonstrations.

Significantly, it is not just the Left wing trade unions — the Communist-led CGT and the Socialist-oriented CFDT—that are involved. For the first time for many years, the normally restrained CGC — a white collar union—has called on its members to strike for 24 hours on Thursday against the government's latest measures to soak up the Social Security system's huge deficit. The union claims that these measures, which include an increase in social security contributions, have placed an unfair burden on salary earners.

The Left's joint stand, which was taken against a background of further police searches of extreme Left-wing organisations involved in the campaign to set up soldiers' committees, was not achieved without difficulty. Representatives of the extreme Left-wing PSU party stormed out of the meeting and refused to sign the joint declaration because it did not specifically condemn police repression of its members.

The PSU's headquarters was not the only target of to-day's police swoop. In Paris, a well-known Trotskyist leader, M. Alain Krivine of the Communist League and two other members of his party were taken to police headquarters for questioning about their activities, but were later released.

In the provinces, the Communist League's offices and homes of its members were searched in Lyons, Bordeaux, Clermont-Ferrand and several other important centres.

Yugoslavia split with USSR

BY PAUL LENDVAI

VIENNA, Dec. 15.

SOVIET-YUGOSLAV relations appear to have improved somewhat following the five-day visit paid last week by Yugoslav Foreign Minister Milos Minic to Moscow but the problem of the pro-Soviet conspirators called "Cominformants" is still unresolved. Thus the leading Belgrade paper Borba during the weekend confirmed that "very important bilateral issues" not mentioned in the joint communiqué had been thoroughly discussed by Soviet Foreign Minister Andrei Gromyko and his Yugoslav guests.

Borba claims that the Soviets told the Yugoslav delegation that the Cominformists (so-called after the followers of the erstwhile international Communist organisation) are renegades and that all those acting against the policy of the Yugoslav Communists also act against the policy of co-operation between Yugoslavia and the Soviet Union. Mr. Minic on his return merely said that the exchange of opinions will continue. He added that both sides expressed readiness to deal with existing and future problems in a way which contributes to mutual confidence and friendly relations.

It it now believed that the Soviets refused to include any reference to the ticklish issue of pro-Soviet conspirators in the final communique. Thus the Yugoslavs had to resort to the device of the Borba comment to inform the public about the official Soviet attitude. According to a recent speech by the Yugoslav Vice-President Vladimir Bakaric, Yugoslavia lodged diplomatic protests with some Soviet bloc states about the activities of Yugoslav emigres. Though the answers were "positive" the Croat leader hinted that there was still reason for suspicion.

Meanwhile, the Yugoslav authorities are preparing a number of trials both against pro-Soviet conspirators but also against extreme right wing Croat nationalists, two of whom have just been sentenced by a Zagreb court to 15 and five years' prison respectively. In connection with an interview given by Defence Minister General Ljubicic to an army periodical in which he claimed "great success" in smashing enemy attempts within the army, rumours circulate in Belgrade that in various parts of the country about 30 officers have also been arrested in addition to several hundred people taken into custody earlier this year on charges of pro-Soviet or nationalistic subversion.

European patent system agreed

BY A. H. HERMANN

THE establishment of a European patent system, centred on a European Patent Office in Munich and the creation of a Community Patent were agreed in Luxembourg yesterday. The EEC Commission scored an important victory by defeating the attempt of the British Government to defer the application of the "exhaustion of rights" clause.

This clause makes it impossible for a patent holder to oppose the importation of goods manufactured under a parallel patent and placed on the market in another member country by himself, with his consent.

But the U.K. negotiators achieved concessions concerning the staffing and operation of the European Patent Office, which now promises to be less centralised than originally feared. The diplomatic conference completed its work by signing the European Patent Convention and the Community patent Convention.

The principal aim of the Commission has been to include in the Community Patent Convention a rule preventing holders of parallel patents to divide the Common Market into nine national markets for the patented product.

This rule has been already endorsed by the European Court in its Centrafarm/Sterling Drug decision.

This decision has outlawed the use of multiple licensing by associated companies for the creation of protected national markets in which the same product could be sold under widely differing prices and conditions.

Britain has opposed the integration of this rule in the Community Patent convention and has proposed that signatories should be given the right to postpone its effectiveness for a transitional period of five to 10 years.

The Commission opposed this proposal by a threat that it might institute proceedings against member States for failure to observe Treaty obligation, if it is adopted.

An important concession concerning the operation of the European Patent Office seems to be the agreement, announced by Mr. Stanley Clinton Davis earlier, that if a sufficient number of British patent examiners are not prepared to move to Munich, some of the examining work will be farmed out from Munich to the Patent Office in London.

Agreement on IMF gold sales

BRUSSELS, Dec. 15.

COMMON Market Finance Ministers to-day endorsed an accord enabling their central banks to buy gold put up for sale by the International Monetary Fund and expressed confidence the deal would be formally accepted by other industrialised nations this week.

The endorsement came ahead of the Group of Ten Finance Ministers' meeting in Paris this week, which is expected to clear the way for the IMF to start disposing of 25m. ounces of gold at market-related prices early in 1976.

The Ministers agreed that all elements of a gold agreement reached during world monetary reform talks last August should be implemented as a package as soon as possible, Belgian Finance Minister, Willy de Clercq, said.

He told a Press conference after the Ministers' session that he was confident the Group of Ten meeting would formalise the agreement.

The way towards to-day's accord was eased by an "understanding" reached by American and European officials at an experts-level meeting of the Group of Ten last week.

Agencies

EEC driving licence plan

By Robin Reeves

BRUSSELS, Dec. 15.

THE BRUSSELS Commission has formally proposed to the EEC Council of Ministers the introduction of a European Community driving licence.

To start with, Council agreement would only provide for the option of taking out a Community driving licence on presentation of a national licence. It is aimed primarily at ensuring reciprocal recognition of national driving licences in the nine member States. Though there would be a minimum age limit on the EEC licence of 18 for both cars and motorbikes.

EEC Budget White Paper

FINANCIAL TIMES REPORTER

BRITISH proposals for tighter control of budgetary expenditure in the European Community, which were put forward by Prime Minister Harold Wilson at the European Summit in Rome at the beginning of this month, were published yesterday as a White Paper.*

The Summit agreed that there should be "expeditious" examination of the British proposals, together with parallel suggestions put forward by the West German Government.

The U.K. has proposed that the European Parliament should follow the example of the British House of Commons Public Accounts Committee in scrutinising Community expenditure, on the basis of the reports of the new Community Audit Court, and that Community officials who are responsible for expenditure (either directors-generals or commissioners) should be directly answerable to the Assembly.

The U.K. has also endorsed the West German proposal that there should be a Financial Commissioner in Brussels who would be responsible for all budgetary control, but without responsibility for policies involving expenditure.

* Financial Control in the European Community, Cmnd 6360, 22p.

APPOINTMENTS

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LEGAL NOTICES

OVERSEAS NEWS

Whitlam expected to step down as Labor leader

BY KENNETH RANDALL

CANBERRA, Dec. 15.

FORMER Prime Minister, Mr. Gough Whitlam, is now expected to step down from the Labor Party leadership in the mood of bitter recrimination which is sweeping the party following Saturday's crushing defeat in the general elections.

The base of the authority Mr. Whitlam was able to wield as Prime Minister over the past three years has been destroyed by the elections. In a parliamentary party halved by the elections Mr. Whitlam can count on no more than a handful of firm supporters and it became clear to-day that he would be challenged for the leadership when the parliamentary Labor Party meets next Monday. Rather than face defeat and continued in-fighting in such a situation, Mr. Whitlam is expected to decide that he will not contest the leadership ballot which automatically becomes necessary under party rules.

Sydney lawyer and former Whitlam protege, Mr. Lionel Bowen, was widely tipped within the Labor Party to-day as most likely new leader. Mr. Bowen has made no mark as an innovator or ideologue but has the reputation of not making mistakes.

Mr. Frank Crean, currently deputy leader of the party and formerly Treasurer and Minister for Overseas Trade, is also likely to be a candidate. Dr. Jim Cairns, another former Treasurer and Trade Minister, who was sacked from the cabinet by Mr. Whitlam, may also throw his hat into the ring.

Dr. Cairns has declared already that the Labor Party must chart a new course towards greater radicalism—a view which appears to run counter to any interpretation of the election results.

The most direct attack on Mr. Whitlam to-day came from former Minister for Labour, Mr. Clyde Cameron, who was forcibly moved from the portfolio by Mr. Whitlam. He accused Mr. Whitlam of plotting to instal as his successor Mr. Bob Hawke, the national president of the Labor Party, who is also president of the Australian Council of Trade Unions.

"Inside the Labor Party," said Mr. Cameron, "there is no one with the imperial right to order the line of succession to leadership of the Federal Parliamentary Labor Party. The inescapable fact is that the electorate has made it clear that it won't support a Labor Party led by Mr. Whitlam."

Mr. Hawke, in the meantime, has declared his belief that Mr. Whitlam will be re-elected as leader next Monday. But he has also dropped any pretence about his own plans and says that he will lead the Labor Party to victory at the next elections in 1978.

The new Prime Minister, Mr. Malcolm Fraser, is reported to have decided to-day on a ministry of 24 instead of the 27 under the Labor Government and 26 under the last Liberal-National Country Party Coalition Government in 1972. As a consequence of the decision, the NCP would be cut back to a representation of six instead of seven in the ministry, with probably no more than three in the inner Cabinet.

This would be a severe blow to Mr. Anthony, who issued a statement to-day stressing that his party now had the strongest Parliamentary representation in its history. He pointed out that the Liberal's huge gains on Saturday represented what they had lost to Labor in 1969 and 1972 plus three seats they had taken from the NCP.

Another uneasy truce in Beirut

BY IHSAN HIJAZI

BEIRUT, Dec. 15.

EFFORTS continued here to-day to enforce a new ceasefire which was announced last night. The main problem remains the reluctance by rival combatants to abandon their positions.

Under the truce, the 16 in the past ten weeks and the third in less than a week, the armed men should have withdrawn from the hotels district on the seafront and the commercial centre in the downtown area by noon to-day. However, they were still there hours beyond the deadline as each side insisted that the other should withdraw first.

Security forces and army units which were supposed to move into the districts were still gathered in front of the Public Security Department waiting for orders to act.

What the ceasefire has thus far accomplished is a de-escalation of the fighting, even though sporadic shooting continues in the capital and the suburbs.

Tension remained high in the Bekaa Valley in the east and in the port of Tripoli in the north. Will this ceasefire work? "God only knows," remarked the Leftist daily As Safir.

Some 55 people were killed in the fighting in various parts of Lebanon in the past 24 hours. The clashes were at their worst between Tripoli, which is Moslem dominated, and the predominantly Christian town of Zgharta.

The new truce was brought about by special efforts exerted by Mr. Yassir Arafat, the chairman of the Palestine Liberation Organisation, who held a series of meetings yesterday before the ceasefire was announced. One of the meetings was with Premier Rashid Karami.

U.S. pressure on Israel

BY L. DANIEL

TEL AVIV, Dec. 15.

THE U.S. Administration appears to be stepping up its pressure on Israel. While Israeli Defence Minister Shimon Peres is currently in Washington, Foreign Minister Yigal Allon is due to leave for the U.S. at the beginning of January, to be followed later that month by Premier Yitzhak Rabin, the U.S. State Department unexpectedly decided to send Secretary of State Henry Kissinger's assistant, Mr. Alfred Atherton, to the Middle East now.

He is due to arrive here tonight and will proceed from Israel to Syria, Jordan, Egypt and Saudi Arabia. Mr. Atherton had not been expected here before December 21.

While some circles describe Mr. Atherton's Middle East tour as an attempt to convince the Arab states that the UN Security Council is neither the authorised nor most efficient means of trying to arrive at a solution of the Middle East conflict, and that the U.S. is opposed to any changes in Security Council Resolutions 242 and 338, U.S. President Gerald Ford at the same time sent a message to Premier Rabin urging greater coordination and consultation between Washington and Jerusalem.

Without such consultation, Mr. Ford warned, the U.S. cannot carry the responsibility on which no such consultation took place. In other words, Washington wants consultations prior to such actions as the Israeli pre-emptive strike against the guerilla bases in Lebanon two weeks ago.

Another worrying sign for the Israel Government is that only 60-70 per cent. of Israel's proposed purchases of arms from the U.S. seem to have been settled, and that Defence Minister Peres will have a hard time with the new U.S. Defence Secretary, Mr. Donald Rumsfeld.

Banabans in new action against U.K.

By James Buxton

The Banabans, South Pacific islanders who are taking the British Government to court in claims over the phosphate-producing Ocean Island, yesterday began their second High Court action, in which Britain is being sued for £21.5m.

The claim is based on the premise that the Banabans were paid too little in royalties on the phosphate, which was sold cheaply to Australia and New Zealand for use in fertiliser.

The Banabans' first action against Britain ended a few days ago after 106 days in court and another 15 spent in the South Pacific.

In it, the Banabans claimed that the British Government and the British Phosphate Commissioners should replant areas of Ocean Island destroyed by mining.

Judgment in the two actions is not expected before next summer.

INDIA AND THE EEC

Delhi disappointed

By K. K. SHARMA, NEW DELHI CORRESPONDENT

DISENCHANTMENT is growing in India with the new Europe as it has emerged after Britain's entry into the European Community. It is becoming apparent to officials in New Delhi, that India figures only marginally in British and EEC plans for economic contacts with the rest of the world. It had been hoped that when Britain was renegotiating its entry into the Community that Indian interests, as contained in the traditional pattern of trade between the two countries, would be kept to the fore. That proved to be an illusion.

The realities, as New Delhi sees them, are that the EEC has agreed to a special relationship with countries covered by the Lomé convention and with Britain's partners in the Commonwealth south of the Equator. India hardly enters into the picture. Relations between India and the EEC are governed by the Commercial Co-operation Agreement of April 1974, the implementation of which led to the setting up of the Indo-EEC Joint Commission. It met recently in Brussels. The Commission had earlier formed sectoral subcommissions to formulate concrete proposals for co-operation in specific fields. The progress these have made has been so slow that the Indian team was goaded into suggesting that "greater technical expertise of the Community be brought to bear on the work of the sub-commissions." This diplomatic jargon can be reduced to the impatient comment: "Let's get on with the job."

Tobacco

A long communique issued at the end of the meeting reflected the slow march towards implementing several proposals being discussed. In concrete terms, Indian interests in jute and coir will remain protected for another six months since the agreement on duty free entry of these two commodities, due to expire on December 31, has been extended until June 30, 1976. By then, it is hoped, a final arrangement will have been worked out. In addition, the quota for tobacco imports from India has been raised marginally from 30,000 tonnes in 1975 to 38,000 tonnes.

The Joint Commission has recognised the possibility of industrial co-operation between Europe and India and an industrialists' delegation will visit India next spring to investigate. India is currently entering into several deals utilising cheap Indian labour, ample unutilised capacity in Indian industry, and raw materials supplied by other countries. These are bilateral deals with concerns in countries such as Italy—for which shoes and Lambretta scooters are being made—and West Germany, which has collaborated with Indian firms on a wide range of products ranging from pharmaceuticals to precision tools. The EEC as such is of course not in a position to negotiate such arrangements.

The possibility of increasing exports of Indian goods of traditional and non-traditional kinds will be exploited by the Joint Commission, but there is a significant silence on how this is to be done. Indian businessmen have been promised invitations to Europe to promote their exports and the EEC is to finance *Indian* participation in trade fairs and exhibitions. How quickly this will lead to results remains to be seen.

It has been noted that the India Tea Board is preparing a project for the blending, packing, and bagging of tea under Indian brand names. The object is to avoid the London tea auctions and to increase Indian value added. But the European tea merchants object that customers in Europe would not buy tea under strange names. So for Europe the usual brand names will remain. Tea interests here look upon that as a setback to their efforts.

There are plenty of proposals for expanding economic relations between India and the EEC. But Indians are upset because progress has proved slow. In principle, the Community has agreed to finance market investigations by Indians to discover whether there are markets in the EEC for Indian diesel engines and castings and forgings. The Joint Commission has agreed that the Community's trade promotion programme should be integrated as closely as possible with India's own trade promotion plans. The possibility of tie-ups between Indian and European partners in the shoe and feather industries has been discussed. On a bigger scale, there is a proposal for arranging cattle-feed exports by expanding India's exports of traditional oil cakes, such as groundnut and cotton-seed, and non-traditional oil cakes such as de-oiled ricebarn and miner seeds.

On the more sophisticated side, representatives of Indian and European computer software interests are to meet early next year with a view to examining how co-operation might be expanded. There are proposals for increased tobacco production of the right quality and others for promotion of exports of such new items as shellac, forest produce, fisheries, mica and the establishment of warehousing facilities in Europe for easier off-the-shelf sales of Indian products.

Urgent

None of these proposals seem *to be getting off the ground.* In the meantime, the next meeting of the Joint Commission has been fixed for as far ahead as next September, while the sectoral subcommissions move haltingly. For the rest, there is a vague agreement that "technical and legislative problems which stand in the way of expanding Indian exports will be jointly investigated by Indian and Commission's experts with a view to finding urgent solutions." Business circles here are afraid that if this still has to be done, it should be recognised that EEC barriers are too difficult to penetrate by the slow-moving Joint Commission.

This could be ominous since the Community, largely because of British membership, is India's largest trading partner. India's exports to the EEC have increased only to Rs.6,895m. (about £361.7m.) in 1974-75 from Rs. 6,089m. in the previous year, while imports from the Community have risen from Rs. 7,039m. in 1973-74 to Rs.8,390m. in 1974-75. The growth in the unfavourable balance is a bleak index of the stagnation in Indo-EEC relations.

S. Africa troops kill '61 of the enemy'

BY OUR FOREIGN STAFF

FURTHER evidence of increased South African military involvement in the Angolan war has coincided with fresh calls within black Africa for a cease-fire between the warring factions.

Defence headquarters in Pretoria yesterday simply stated that South African troops had killed "61 of the enemy" in a battle which took place "in the operational area." Three South African soldiers were killed, too. South Africa has recently admitted having troops just inside Angola from South West Africa, described in previous Defence Ministry communiques as the "operational area."

The casualties are the biggest that South Africa has so far claimed to have inflicted on any guerilla forces. Unofficial reports from Pretoria say that "the enemy" in question was the South West African People's Organisation (Swapo) which contests South Africa's hold on South West Africa and which has operated from Angola. B[...] the scale of the action and t[...] relative smallness of Swa[...] forces suggests that the targ[...] may have been the bigg[...] MPLA movement which Sou[...] Africa is opposing in t[...] Angolan war.

South African involvement [...] Angola in proving highly emb[...]rassing to other supporters [...] the FNLA and Unita in Ango[...] including President Kenne[...] Kaunda of Zambia who after [...] weekend of talks with Preside[...] Jomo Kenyatta of Kenya [...] Nairobi yesterday called for [...] immediate ceasefire in Ango[...] and the formation of a Gover[...]ment of national unity then[...] *President Kaunda told reporte[...]* in Nairobi that "the loss of li[...] is the issue in Angola. Life a[...] its preservation must be plac[...] above ideology."

Progress claimed after first Smith-Nkomo talks

BY TONY HAWKINS

SALISBURY, Dec. 15.

BOTH sides reported progress after to-day's initial plenary session of the Rhodesian constitutional conference attended by the Nkomo African National Council and Mr. Ian Smith's Rhodesian Government delegation. After the hour-long meeting it was announced that committees had been established to investigate "various aspects" of the constitutional problem. The committees are to report back to a second plenary session early in the New Year.

The meeting was held at Rhodesian Army Headquarters some three kilometres from the centre of Salisbury. Mr. Smith told newsmen that it had been a good meeting. "But I am probably going to tell you this another 20, 30, 40 or 50 times, so just have a little patience," he said.

The Prime Minister described the atmosphere at the talks as "friendly and constructive." The agenda for the talks remains a secret and sources have refuse[...] to disclose the topics to be i[...]vestigated by the committee[...] The statement of intent signe[...] early this month stipulated th[...] neither side would give detai[...] of topics under discussion.

Mr. Nkomo led a 12-man del[...]gation with a team of legal an[...] secretarial advisers, includin[...] officials from Zambia, while M[...] Smith headed a small team o[...] four Cabinet Ministers and thre[...] officials. Mr. Nkomo said: "Th[...] appointment of the committee[...] shows that we are getting som[...]where."

After the meeting, Mr. Nkom[...] attacked the Muzorewa ANC fo[...] its criticism yesterday of Zam[...]bian participation in the Rhode[...]sion talks. "To speak ill o[...] Zambia when the Zambians hav[...] done so much and sacrificed s[...] much for our freedom is th[...] most evil thing one can do," h[...] said.

Japan eases bank curbs

BY PETER DUMINY

JAPAN'S monetary authorities have decided to make $300m. concessions to two groups of banks, namely foreign banks operating in Japan and Japanese foreign exchange banks trading offshore.

As from January 5, the 50-odd foreign banks will in aggregate be permitted to increase their dollar swaps by $300m. to an estimated total (not officially admitted) of around $2.3bn. The object of this exercise is evidently to help take pressure off the Yen in the spot market, since the form of the swap operation is that dollars are sold spot while simultaneously bought in the forward market to complete the transactions.

For the time being the increased swaps will not mean more lending by the foreign banks in Japan, because banks are still subject to lending ceilings and most are believed to be fully lent. Also the exercise will, initially at least, be unprofitable for banks availing themselves of the concession, mainly due to the prevailing forward Yen premium.

However, it is believed that the Bank of Japan has sounded out banks in advance and has been assured the new quotas will be taken up.

Machine tool exports 'rising'

By Kenneth Gooding, Industrial Correspondent

BRITAIN'S machine tool manufacturers are forecasting that 1975 will show a 50 per cent. increase in the value of the industry's exports compared with those for last year.

This means that the industry's balance of trade, which seemed in danger of slipping into deficit, will be firmly in the black this year.

Exports are expected to reach £160m. in value this year, *against £106.8m. in 1974.*

However, against this 49.8 per cent. lift in exports, machine tool imports are forecast to be £120m. in 1975, a rise of only just over 21 per cent.

The forecast for U.K. sales shows just how hard the recession has hit the industry. Machine tool makers are now expecting that they will be only 10.8 per cent. up—from £249.8m. *to an estimated £280m.—despite* a steep rise in prices this year.

The difficulties the industry faces in shaking off the impact of a high rate of imports once it has been established also shows through.

Despite the sharp slackening of demand for machine tools this year, imported machines are expected to account for 39.6 per cent. of U.K. sales by value.

This is a welcome decline from the 42.8 per cent. reached in 1974 when there were still long delivery delays quoted by many British manufacturers and, consequently, imports continued to pour in.

The forecasts, made by the Machine Tool Trades Association, bring up to date official figures which so far deal with the situation *only to the end of September.* At that stage, machine tool exports had reached £121.2m. while imports stood at £86.2m.

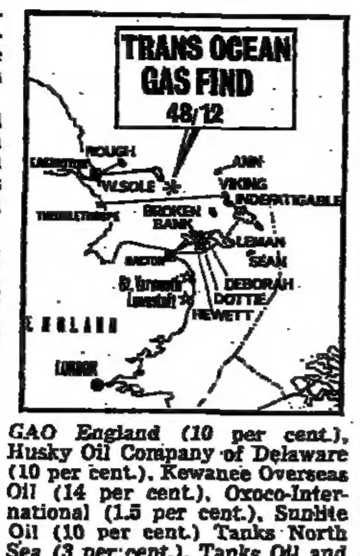
'Significant' North Sea gas find by Trans Ocean

BY RAY DAFTER, ENERGY CORRESPONDENT

THE TRANS OCEAN exploration group has made a "significant" gas discovery in the southern sector of the North Sea.

Although the commercial potential of the discovery, on Block 48/12, will not be known for some time, initial tests indicate that further drilling would be warranted.

A spokesman for Trans Ocean, as operator for the 11-company exploration group, said that while the find was "not huge," it was encouraging. In the U.S., Oxoco-International described the find as "significant."



Test showings

Preliminary production tests from the rig Gulftide indicated a flow rate of 12.4m. cubic feet of gas a day on a half-inch choke. Two other gas zones are to be tested, and these also appear gas-productive on preliminary examination. The find is south-east of the West Sole field.

Continental Oil, which once *held the concession on the block,* met with a dry well when it made tests. The Trans Ocean group, which took over the concession some four years ago, will meet soon to decide on a further drilling programme.

The successful well was drilled under a joint licence in which Chieftain Exploration holds a 50 per cent. stake.

Members of the drilling group were: *Asamera Oil (23 per cent.),* Bay Hall Trust (2 per cent.), *GAO England (10 per cent.),* Husky Oil Company of Delaware (10 per cent.), Kewanee Overseas Oil (14 per cent.), Oxoco-International (1.5 per cent.), Sunlite Oil (10 per cent.) Tanks North Sea *(3 per cent.),* Tanks Oil and Gas (3.5 per cent.), Trans Ocean (10 per cent.), Union Corporation (8 per cent.).

These interests will revert to half the percentages after a *specified sum has been recouped* out of production from this well.

● As reported in Friday's Financial Times, a loan equivalent to £16.9m. has been granted by the European Investment Bank to the Shetland Islands Council to help finance building of an oil-tanker harbour at Sullom Voe. The terms are over ten years with an interest of 9.5 per cent.

North Sea crude from the group of fields linked by the Brent pipeline system and from the Ninian field about 90 miles north-east of Shetland will be carried by two submarine pipelines to Sullom Voe. The project is expected to cost about £50m.

Ninian doubts

Meanwhile there is still uncertainty about the size of the Ninian Field which is due to come on stream in 1978. A recent but still unpublished study of the field estimates that recoverable reserves are 1.12bn. barrels.

This is somewhat higher than the 1bn. barrels forecast made *recently by stockbrokers Wood* Mackenzie, and even higher than the recoverable reserves estimated by British Petroleum, one of the major participants.

Chevron Petroleum U.K., the operator, has made no public change in its former estimate of 1.2bn. barrels.

It is known that there is a good deal of variance in the estimates of partners in the *Ninian venture—they include* ICI, Burmah, Ranger, Ocean Drilling, Murphy, LASMO, SCOT, Cawoods and National Carbonising—but the field is recognised as potentially one of the most important in the North Sea.

Mr. John Pierce, Ranger Oil's president, dismissed as unfounded a claim by Wood Mackenzie that even with the large amount of recoverable oil *the field must be considered* "marginal."

Lex to buy Volvo importers

By Peter Foster, Industrial Staff

LEX SERVICE Group is to acquire Volvo BV Concessionaires—sole importers of Volvo's Dutch-built small car range—from Volvo for £3.4m.

The move, which has been anticipated since Volvo acquired a controlling interest in the Dutch company Daf at the *beginning of this year, will lead* to the rationalisation of all Volvo's U.K. sales. Lex has held the franchise for Volvo in the U.K. since 1958.

Lex and the Swedish manufacturer have already exchanged contracts and the acquisition will come into effect from December 29.

The agreement also provides for the extension until the end *of 1980 of the present agree*ment for Lex—through its subsidiary Volvo Concessionaires GB—to import and distribute Volvo cars and parts in the U.K.

The consideration of £3.4m.—which Lex said yesterday would be available from group resources—is calculated by subtracting liabilities of £3.2m. from cash, cars and parts worth £6.6m.

It is anticipated that Volvo BV *Concessionaires will lose* £1.1m. pre-tax in the financial year to December 28, 1975. However, Lex is forecasting a profit from distribution of the new Volvo range next year.

The acquisition of Volvo BV Concessionaires by Lex is the logical extension of the takeover by Volvo of the ailing Daf motor company early this year.

Since Volvo cars were in the *medium saloon class and above,* the Swedish company felt that Daf—all of whose models were of 1,300 c.c. or below—would take it into a new area of the market and "round out" its range.

Volvo has been concentrating on improving the market image of Daf models this year and its new Volvo 66—introduced in the U.K. in October—although based on the Daf 66, is a higher specification, and more expensive, car.

There are 180 Volvo dealerships in the U.K. at the moment and Lex projects that the new rationalised network will add around 70 more through absorption of former Daf outlets.

Scottish Development Agency 'will not rescue lame ducks'

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN GLASGOW

THE SCOTTISH development agency, which will have a budget of up to £300m. to spend on industrial and environmental regeneration projects over about five years, was formally launched in Glasgow yesterday. After its inaugural Board meeting, Sir William Gray, the chairman, made it clear that the agency expected to be free from political interference.

A score of applications for investment aid are being examined by the SDA; but Sir William stressed that the agency had neither the authority nor the money to make "handouts" to industry. He commented: "The SDA will not rescue lame ducks."

In its main function of giving loans or taking equity in companies, the agency would scrutinise the viability and long-term employment prospects of applicants.

Sir William warned that although several of its projects would help reduce unemployment this winter, Scots people must not expect "miracles overnight."

He added that the whole point of giving the regeneration job to the agency rather than to a government department was to ensure that there would be freedom from political interference.

One of the agency's first projects would be to undertake a £5m. programme of factory building and modernisation in high unemployment areas including Clydeside and Dundee, he said.

About £3.5m. would be spent on 18 advanced factories as part of Scotland's share of the £20m. allocated to relieve unemployment in the September package announced by the Chancellor. A further £1.5m. will be spent on modernising older factories.

Sir William also announced the appointment of six new Board members to join the organising committee of the SDA. They are Prof. Kenneth Alexander, of Strathclyde University, who is also chairman-designate of the Highland Development Board; Mr. Alan Devereux, chairman of the Small Industries Council for Rural Areas of Scotland; Mr. Charles Gray, vice-convenor of Strathclyde Regional Council; Mr. Angus Grossart, managing-director of Noble and Grossart, the Edinburgh merchant bank; Mr. George Robertson, Scottish organiser of the General and Municipal Workers Union; and Lord Wallace of Campsie, chairman of East Kilbride and Stonehouse Development Corporation.

The SDA's inauguration was welcomed by Lord Clydesmuir, chairman of the Scottish Council (development and industry). But at the council's annual meeting in Edinburgh he gave a sombre view of the immediate economic prospects and warned that many thousands of jobs were at risk in Scotland.

British Airways may start a 'third class'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS is now studying plans for a new cheap "third-class" air fare for use on its long-haul routes, and may submit a scheme for consideration by other airlines to the next fares meeting of the International Air Transport Association.

The airline has been looking at a variety of ideas, including some thought up by its own planners, as well as a scheme put forward by the Association *of British Travel Agents, in a* bid to get fares down to a level that could put the "bucket-shop" operators offering discount fares out of business.

It has been estimated that these operators, by undercutting the regulation fares on many long-haul routes, have been costing the U.K. airlines up to £70m. a year in lost revenue, although the precise figure is difficult to gauge.

This, however, is just one reason why BA is interested in a third-class fare. Another is that it needs to find a way of keeping abreast of charter competition, where fares sometimes go below the cheapest scheduled air fares available.

In principle, BA is not opposed to the idea of third-class fares which would be cheaper than the present Advanced Purchase Excursion (Apex) and *Advanced Booking Charter* (ABC) fares. But it points out that it cannot introduce such a scheme by itself. It has to win approval from the other airline members of the IATA.

It knows, from informal discussions during the last IATA fares talks in Nice and Cannes this autumn, that a number of other airlines are also interested in the idea.

Hoverlloyd £5m. order for SRN 4

By John Wyles, Shipping Correspondent

HOVERLLOYD have now placed a firm order worth more than £5m. for a modernised version of the British Hovercraft Corporation's SRN4 being built at Cowes, Isle of Wight.

The order, placed by Hoverlloyd's parent company, A. B. Tirfing, is a considerable boost for the employment prospects of *the corporation's 2,000 employees.*

In a major effort to build up its order book, the corporation is at the moment negotiating deals which could be worth more than £30m. from Africa and the Middle East, and is discussing with Hoverlloyd the possibility of building a second new SRN4.

At the same time, a decision is still awaited from British Rail on proposals to "stretch" two Seaspeed SRN4s at a cost of around £6m.

Hoverlloyd's decision to add to its existing fleet of three SRN4s has been made easier by the improved traffic prospects offered by the cancellation of the *Channel Tunnel.*

The new craft, which will enter service in June 1977, will carry 280 passengers and 37 cars on cross-Channel routes at speeds of up to 60 knots.

Technically, the new hovercraft will offer several improvements on the Mark 1 SRN4, including a new skirt design, an enlarged control cabin and a variety of engineering modifications.

The purchase will increase Hoverlloyd's cross-Channel carrying capacity at peak season to 15,680 passengers and 2,070 cars per day.

Gilbert and Marsh to review railway finances to-day

BY JAMES McDONALD

DR. JOHN GILBERT, Transport Minister, and Mr. Richard Marsh, chairman of British Rail, meet in London to-day to review the financial situation facing the railways.

The meeting will be held against the background of a mass *meeting* and lobby of Parliament by railwaymen who fear cuts in services ranging from one-third to two-thirds, according to varying reports, of the rail network over the next few years.

A feature of the meeting will be a claim by the rail unions last week that there are plans for a "Beeching-type" axe of the rail system. But a British Rail Board spokesman stressed yesterday that nothing in the way of cutting back services had been decided.

"The BRB has no plans to cut one-third of its services. It is not legally allowed to do so without Government permission."

While the unions are claiming that the cuts could come as early as 1981—*a direct result of* a freeze on railway investment and revenue support—the Department of the Environment has denied that firm decisions on investment have been made and has described the unions' claims as "pure speculation."

But Dr. Gilbert told the Commons early last month that British Rail had been instructed by the Government to eliminate the deficit on its freight services, running at an annual rate of about £70m., by 1978.

Underlining the need for retrenchment, he envisaged the publication of a White Paper or a consultative document early in the New Year on the outcome of the fundamental review of transport policy now being conducted by the Government.

The No Rail Cuts Campaign Committee—set up by the three rail unions, the National Union of Railwaymen, ASLEF, and the Transport and Salaried Staffs Association—is hoping that between 3,000 and 4,000 rail workers will turn up in London to-day.

They will march at 11.15 a.m. from Euston to the Embankment, then to Central Hall, Westminster, where they will be addressed by the general secretaries of the three unions between 1 p.m. and 2.30 p.m.

Then they will go to the Commons, in groups of about 80, to *lobby MPs.*

A number of MPs have called on Dr. Gilbert to make a statement on possible rail-line closures. Mr. Iain Sproat, Aberdeen South (C), has asked the Minister to deny the rumours, while Mr. Walter Johnson, Derby South (Lab.), is seeking assurances that there will be no cut-back on the new Advanced Passenger Train.

"People want to know what is happening," Mr. Peter Rost, South-East Derbyshire (C.), said.

The Scottish Trades Union Congress said yesterday it feared a return of "Beeching-type" policies on the railways. It was concerned not only about jobs but also about investment prospects in Scotland if lines were closed.

Uranium institute may widen membership

By David Fishlock

LARGE ELECTRICAL utilities and other big customers for uranium are to be invited to join the Uranium Institute, the uranium mining industry's "think tank" in London, as full members.

The decision, if ratified by its 23 members at the end of January, will mean an important policy change for the institute, only six months after it came into being.

It is the outcome of growing realisation on the producers' part that its data on uranium supply and demand would be universally acceptable only if users as well as producers participated fully in its studies.

As the institute is constituted at present, users can become associated members. But in spite of several "expressions of interest" no utilities, and only one uranium processor, British Nuclear Fuels, have joined.

The producers expect an unprecedentedly rapid expansion in demand over the next decade, in which output must at least double and may have to treble.

The institute aims to produce its *first report on uranium supply* and demand by April.

It attempting to compile more precise estimates of demand, the institute has encountered what Mr Terry Price, its secretary-general, calls "great internal inconsistencies" in much available data. Added to this is a growing suspicion outside the uranium-producing industry that producers are deliberately inflating demand estimates.

Two other important reasons given for accepting users as equal partners are that the producers are wholly dependent on a single market for uranium, and that the distinction between producer and user is becoming increasingly blurred as the bigger utilities mount joint ventures for uranium exploration.

Among the most influential customers whose participation may be solicited by the "think tank" are the Central Electricity Generating Board, Electricité de France, RWE in West Germany and Ontario Hydro in Canada.

The policy change is unlikely to affect U.S. uranium-producers, none of which is a member, mainly because of a healthy respect for the U.S. anti-trust laws.

Goldsmith opens Haw Par talks in Singapore

BY MARGARET REID

SINGAPORE, Dec. 15.

TOP-LEVEL discussions opened here to-day in an apparently cordial atmosphere over the disputed £14.5m. loan from Slater Walker Securities, now headed by Mr. Jimmy Goldsmith, to the Singapore-based Haw Par Brothers International, whose Board has been reconstructed under industrialist Mr. Michael Fam.

There is no sign of any closing in the gap separating the two sides, with SWS pressing for near-full repayment of the loan and Haw Par, with a tight cash position calling for a substantial reduction in the amount due.

The talks are taking place against a background of the Singapore Stock Exchange's sharp criticism of the terms of the related £16m. deal by which Haw Par in 1973 acquired SWS's 46 per cent. stake in Slater Walker Securities (Hong Kong).

Mr. Goldsmith, who arrived here at the week-end, said to-night "The day was spent very much in looking at each other's point of view in very pleasant commercial conversations." Long sessions were held in the morning and afternoon. Mr Goldsmith was accompanied by Mr. Eric Levine, a solicitor, Mr Christopher Sneath, an accountant, of Peat Marwick Mitchell. Further meetings are expected to follow soon. Mr. Goldsmith plans to spend the whole week in Singapore.

It appears that no decision has yet been taken whether Lord Goodman, who has been advising SWS since just after Mr. Jim Slater's resignation as chairman in October, will join the negotiations here.

While the discussions are being officially regarded here as strictly commercial, between the chairmen of the two Boards, a close interest is being taken in them by the Singapore authorities. The feeling in official quarters appears to be that, while a satisfactory outcome of the talks, involving a sizeable reduction of the loan, would be welcome, failure to agree would leave disputed points to be fought out through the courts.

Pledged

Renewed attention has been focused in a Singapore Stock Exchange statement on the difference of views between Mr. Jim Slater, then chairman of SWS, and certain directors of Haw Par—in which SWS in 1973 had a large stake—on the price at which Haw Par was to acquire SWS's 46 per cent. holding in SWS (HK).

At times during the confidential discussions leading up to Haw Par's offer in late 1973 to acquire these shares at $HK4.40 a share, some Haw Par directors *argued* that a price of $HK3.41 would be appropriate. The deal went through at $HK4.40 a share.

The present SWS Board is believed to take the view that the $HK4.40 price was right and the deal itself and the related £14.5m. SWS loan to Haw Par should not therefore not be open to challenge.

One argument which may be used in an effort to show that the price paid was justified is that SWS finally in October 1973 expressed a willingness as an alternative, itself to buy out Haw Par's 25 per cent. stake in SWS (HK) at $HK4.40 a share, should Haw Par's Board not wish to add the SWS holding at this price to its own 25 per cent. holding. This would have been in place of Haw Par's retaining its own 25 per cent. holding and purchasing SWS's holding of 46 per cent. in SWS (HK) at the same price.

It has emerged that part of one of Haw Par's most valuable assets — its near-30 per cent. stake in London Tin Corporation — is pledged as security for the disputed loan to Haw Par. Some 2.2m shares, worth about £3.3m., are thought to be charged to SWS in this way, along with certain Hong Kong properties and other assets. This situation could possibly have some effect on future arrangements concerning ownership of London Tin.

Sir Lew's space trip extended

By Arthur Sandles

ASSOCIATED TELEVISION is to go ahead with a further 24 episodes of its Space 1999 series, a move which must be seen as confidence in what the series may achieve in the next 13 months rather than what it has managed so far.

Sir Lew Grade announced the decision yesterday, while unveiling a string of further ATV projects at the same time.

Space 1999 has been accepted without much enthusiasm in Britain and not yet achieved penetration of the major networks in the U.S., where it is being sold via "syndication," a laborious and costly process.

Sir Lew obviously hopes to spilt the £3m. (so far) project with "some new elements." One of these is the introduction of Mr. Fred Freiberger (ex-Ben Casey, and significantly, Star Trek) as producer.

There have been suggestions that more humour and more romance will be introduced.

Criticism by Rees angers Lynch

By Giles Merritt

DUBLIN, Dec. 15.

MR. JACK LYNCH, leader of Ireland's Fianna Fail Opposition party, to-night hit back at Mr. Merlyn Rees, following the Northern Ireland Secretary's statement in a week-end TV interview describing Fianna Fail's October demands for a British declaration of intent to withdraw *from Ulster* as "the height of foolishness."

Mr. Rees' comment has stung Mr. Lynch into making a bitter attack on British policy in Northern Ireland and his speech this evening to his party's national executive has developed the row into a public slanging match. It comes at a time, too, when relations between the British and Irish Governments are still recovering from the strains of the row over Miss Margaret McKearney's surprise release from Guarda custody and the resulting extradition tangle.

More house building starts in October

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

CONFIRMATION of the continuingly brighter picture in the house building sector came yesterday with the publication of final Government figures for October.

Provisional figures issued at the end of last month suggested that the total number of housing starts in October had reached 32,000 against only 22,000 a year earlier. The final statistics show that the total *for the month was* 32,900—one of the best monthly figures recorded in the past three years.

In the local authority sector, starts totalled an encouraging 18,500 against the earlier estimate of 18,000, again a historically high level. Private housing starts also proved to be slightly ahead of the original estimate of 14,400—a distinct improvement over the preceding two months but still down on totals achieved earlier this year.

The number of houses made ready for occupation in October, according to the final figures, reached a combined total of 28,900, in line with the original estimate. The total showed a marginal increase over the previous month but was well up on *the 25,000* figure recorded a year before.

In the local authority sector, completions were registered on 15,700 homes, slightly down on the earlier estimate but up again when compared with the previous month. Private completions edged upwards to 13,200 during October, again just up on the preceding month and, while still comparatively low, one of the more encouraging monthly results this year.

The Department of the Environment says that, in the three months from August to *the end of* October, total housing starts were 9 per cent. up on the previous quarter and 40 per cent. higher than a year earlier. Completions were 4 per cent. up in the August-October period and 21 per cent. up on the same period of 1974.

Conference on pensions in 1976

MRS. BARBARA CASTLE, Secretary of State for Health and Social Services, will review Government policy for pensions in 1976, at a conference at the Royal Lancaster Hotel, London on February 9 and 10. It is being arranged by the Financial Times Conference *Organisation.*

Mr. M. P. Fennell, secretary to the Occupational Pensions Board, will explain, and elaborate on, the contracting-out requirements under the Social Pensions Act, the details of which, it is expected, will have been published some days earlier. Sir Philip Allen, chairman of the Occupational Pensions Board, will also be a major contributor. He will speak on the current practice and possible legislation for the representation by employees on trustee or management bodies.

The main emphasis of the "Pensions in 1976" Conference will be the consideration of legislative, regulatory, and operational aspects of the situation in the U.K., set against the problems of high levels of salary inflation and low rates of investment return which the pensions industry has to face. Speakers will include Mr. G. Ross-Goobey, president, National Association of Pension Funds; Mr. F. E. Hughes-Onslow, managing director, M and G Assurance Group; Mr. Alan Firth, assistant general manager, (Pensions) Legal and General Assurance Society, and Mr. R. C. Tebboth, controller, Superannuation Funds Office, Inland Revenue.

The conference chairmen will be Sir Donald Sargeant, chairman of the CIB Society of Pension Consultants, and Mr. Maurice H. Oldfield, executive director, Allied Breweries Pension Trust and chairman of the Government Relations Committee, National Association of Pension Funds.

Veto by Price Commission on some increases

By Donald Maclean

THE PRICE Commission rejected 13 notifications of price increases from manufacturing and service companies in November, bringing total rejections since the price code for Stage Four of the counter-inflation policy came into operation last December to 132.

In 14 cases in November, companies concerned withdrew their notifications of intended increases, making a Stage Four total of 266, and in 58 cases the extent of the increase was reduced bringing the total to 807.

Among smaller companies 26 distributors required to notify intended increases to the Commission agreed during the month to make reductions amounting to £7.1m., to eliminate excess profits periodic return show.

Similar price reductions *amounting to £3.9m.* were accepted by 101 distributors, 29 manufacturers, six service enterprises, 12 professional enterprises and three construction concerns in category 111 of the arrangements

Regional offices of the Commission secured 68 individual voluntary price reductions, following complaints about increases.

WELLINGBOROUGH RENTS UP

Councillors at Wellingborough, Northants, are to be recommended to-day to increase council rents next year by an average of 70p a week to offset anticipated *losses of £20,000.*

IN BRIEF

£25m. Standard order

Standard Telephones and Cables has won a £25m. export contract from Spain for an undersea telephone cable to link the Canary *Islands with the mainland. Most* of the work will be done at Greenwich and Southampton.

Fears for jobs

The Electric Construction Company, Wolverhampton, a subsidiary of Hawker Siddeley, is likely to announce redundancies early in the New Year. The company, which employs 1,200, has begun discussions with unions. Drop in orders is blamed.

Nil desperandum

The Society of British Aerospace Companies denied that the aerospace industry was regarding Government's nationalisation plan as a fait accompli. Sir Richard Smeeton, director of the society, commenting on a newspaper report, said: "The facts are the reverse. The industry does not accept that nationalisation is inevitable until it is on the Statute Book and becomes an Act."

China R-R team

Sir Kenneth Keith, chairman of Rolls-Royce (1971), returned to the U.K. yesterday from Peking, where he had signed over the week-end the £80m. deal for selling Spey jet engines to China and setting up an engine manu*facturing facility there. His* chartered VC-10 jet, filled with Rolls-Royce employees in China for 14 weeks, was delayed at Heathrow by fog, and diverted to Birmingham. Lucas Aerospace will sell at least 50 Spey engines under the deal.

British wool textile downtrend continues

FINANCIAL TIMES REPORTER

THE BRITISH wool textile industry downtrend continued in the first 10 months of 1975, although the overall decline slowed slightly in October, the Wool Industry Bureau of Statistics said yesterday.

For January-October, the industry's total consumption of wool fibre fell by 5 per cent. to 94.37m. kg. Man-made fibre consumption fell by 17 per cent. to 73.13m. Kg., the Bureau said.

Production of wool tops and hair tops in the first 10 months rose by 1 per cent. to 38.46m. Kg., while that of man-made fibre tops fell by 19.6 per cent. to 38.37m. Kg. Woollen yarn output fell 10 per cent. to 93.53m. kg.

Deliveries of worsted and semi-worsted yarn during the ten months fell by 14 per cent. from a year earlier to 55.58m. Kg. Woven fabrics deliveries in the same period were 12.6 per cent down on last year at 130.1m. square meters, the Bureau said.

Deliveries of blankets fell 14 per cent. to 20.41m. square meters.

The Bureau said the industry's total wool stocks at September 30, the latest complete figure, were 48.9m. Kg. (52.2m. Kg.). Stocks of wool tops at end-September fell to 5.9m. Kg (7.8Kg.).

Orkney tourist traffic up 23%

WITH OVER 63,000 visitors going to Orkney between April and October the islands had a 23 per cent. increase in tourist traffic this year compared with the 1974 season.

SNOW REPORTS

AUSTRIA	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°F
Alpbach	10	50	Fair	—	18
Axamer-Lizum	—	80	Good	—	23
Berwang	40	80	Good	—	25
Brand	20	60	Good	—	25
Gargellen	40	70	Good	—	25
Hochsolden	30	120	Good	—	19
Igls	10	30	Poor	—	27
Ischgl	30	40	Good	—	19
Kitzbuhel	20	50	Good	—	25
Lech	50	80	Good	—	10
Lermoos	20	40	Good	—	14
Mayrhofen	15	50	Good	—	28
Obergurl	30	120	Good	—	10
Saalbach	15	50	Good	—	22
Seefeld	20	70	Good	—	21
Serfaus	20	40	Good	—	21
Wildschonau	—	75	Good	—	3
Zurs	30	80	Good	—	10

ITALY	Depth (cms.) L	Depth (cms.) U	State of Piste	Weather	°F
Abetone	30	50	Good	—	—
Bardonecchia	30	70	Good	—	—
Canazei	30	200	Good	—	—
Cervinia	60	240	Good	—	—
Claviere	53	70	Good	—	—
Cortina	90	150	Good	—	—
Courmayeur	10	210	Good	—	—
Corvara	80	130	Good	—	—
Macugnaga	50	180	Good	—	—
Madonna di C.	110	290	Good	—	—
San Martino	25	130	Good	—	—
Sauze d'Oulx	30	80	Good	—	—
Sestriere	70	90	Good	—	—
FRANCE					
Alpe d'Huez	80	150	Good	Cloud	—
Chamonix	10	60	Good	Cloud	—
Courchevel	40	80	Good	Sunny	—
Flaine	30	130	Hard	Sunny	—
La Clusaz	50	120	Hard	Cloud	—
St. Gervais	40	50	Hard	Cloud	—
Val d'Isere	60	100	Hard	Sunny	—

LABOUR NEWS

Murray seeks urgent talks with PM on BSC's plans

BY LORELIES OLSLAGER, LABOUR STAFF

AN URGENT meeting between Mr. Harold Wilson and trade union leaders was being requested by Mr. Len Murray, TUC general secretary, to discuss the British Steel Corporation's plans for saving up to £170m. in labour costs, expressing particular concern about the effects on unemployment in Scotland and Wales.

Mr. Murray's letter to the Prime Minister is a first indication that BSC's plans will meet strong opposition from the trade union movement at a time when it is increasingly worried about the high level of unemployment.

The corporation has declined to say how many redundancies its plans entail, but steel union leaders have estimated they could involve the loss of 40,000 jobs if account is taken of the fact that many people will leave the industry because of the proposed sharp cuts in earnings.

The corporation to-day starts a series of meetins with union representatives at plant level to explain the immediate effect of the cost-saving plan on their members.

In Scotland, it is expected to announce that a number of old-fashioned open-hearth plants, which were given an extended lease of life by the Government in the autumn, will have to be closed within the next few months.

The corporation maintains the plants will be re-opened once the trading situation picks up, but nobody on the union side is prepared to believe this.

At many other plants, workers will be told that BSC reserves the right to eliminate premium-shifts or that there will be work available for only a few days each week nad that workers must draw unemployment benefit for tse days not worked.

Grass roots protests are expected to be made while the unions at national level will be trying to get the Government to intervene. The executive of the Iron and Steel Trades Confederation, the biggest steel union, will hold a special meeting on Thursday to consider the situation.

In an article written before BSC informed the unions of its plans last Thursday, Mr. Bill Sirs, ISTC's general secretary, disclosed some of the proposals the unions had prepared for discussion with the Corporation.

These included the possible transfer of a substantial part of BSC's debts into Public Dividend Capital, the sale of overseas assets and surplus land and buildings in the U.K., renegotiation of fixed price contracts, postponement of all anti-pollution investment and a cut-back on subcontracting.

Shipyard managers form new union

BY ROY ROGERS, LABOUR CORRESPONDENT

MANAGERS in the shipbuilding and repairing industry have formed themselves into a trade union in anticipation of the industry being nationalised towards the end of next year.

But the Shipbuilding and Allied Industries Management Association, as it is called, is almost certain to find itself in conflict with TUC-affiliated unions already well established in the industry.

The situation closely mirrors that when the steel industry was nationalised eight years ago. Then TUC unions battled between themselves and with the Steel Industry Management Association for representation of British Steel Corporation white-collar workers. SIMA, which eventually won negotiating rights *for BSC's 3,000 middle-management* grades, has recently opened merger talks with the Iron and Steel Trades Confederation, the industry's main union.

Already the Confederation of Shipbuilding and Engineering Unions has instructed member unions not to co-operate with the Shipbuilding and Allied Industries Management Association (SAIMA).

No conflict

Set up in June, SAIMA now claims to represent more than half the industry's 2,500 managers and principal staff officers, and plans to appoint a full-time general secretary in the new year. It cannot be coincidental that he is to be Mr. Chris Hayward Jones, perviously assistant general secrerary of the Steel Industry Management Association.

Mr. Paul Rhodes, acting general secretary, maintains it is a bona fide trade union whose main aim is to make the industry *prosperous for the benefit of* everyone employed in it.

Mr. Rhodes said that he had written to the confederation offering discussions on ways of co-operating and that he expected "no genuine point of conflict"

Right-wing increases majority in EPTU

By Lorelies Olslager, Labour Staff

VOTING figures released yesterday for executive elections in the Electrical and Plumbing Trades Union showed vastly increased majorities for all the five Right-wingers who were re-elected.

But the one Left-winger to join *the present 12-man executive also* had a majority of nearly 500 over his nearest rival.

Under union rules, the results became valid yesterday when they were confirmed by the sitting executive.

The massive increase in votes for the Right, which follows a similar trend in the recent elections in the Amalgamated Union of Engineering Workers, does not change the political balance on the executive, however.

All the Right-wingers have been sitting members, and the newly elected Left-winger fills a vacant seat, so that Mr. Frank Chapple, the union's general secretary, will in future have to contend with a Left-wing minority of four instead of three.

The biggest Right-wing triumph was scored by Mr. Bill Blair, the sitting member for London who increased his majority from 114 in 1970 to 5,708. His challenger had been Mr. Fred Gore, chairman of the British Airways joint shop stewards committee.

Mr. Tom Breakell, the union's president, increased his majority from 2,120 to 5,690.

Mr. Bernard Clarke, the member for Wales, had a majority of 4,470 compared with 153 in the last elections.

In Kent and Surrey the sitting Right-wing member, Mr. Eric Hammond, beat of the challenge of reformist candidate Bill Banning by over 5,000 votes.

The lone Left-wing winner, Mr. Hector Barlowe, who takes the vacant plumbers seats for Scotland and Ireland, had a majority of nearly 500 over his nearest Right-wing rival in a much smaller constituency.

Some 33 per cent. of union members eligible to vote are estimated to have taken part in the ballot, against an average turn-out of about 20 per cent.

TGWU pledge on NUR dock-members' jobs

BY OUR LABOUR STAFF

THE TRANSPORT and General Workers' Union, representing Britain's 32,000 registered dockers, yesterday apparently succeeded in reassuring the National Union of Railwaymen that its dock members' jobs would not be affected by the recently introduced Dock Work Regulation Bill.

The NUR, with some 6,000 members in the docks, mainly employed by the British Transport Docks Board, is one of three major unions seeking amendments to the Bill that would specify their members' rights.

The other two are the General and Municipal Workers' Union and the Union of Shop, Distributive and Allied Trades.

Pressure from these three, and their sponsored Labour MPs, has been partly responsible for the postponement of the Bill's Second Reading, which was to have been taken yesterday.

After meeting NUR officials yesterday, Mr. Tom Cronin, TGWU official for the industry, said there was "absolutely no disagreement."

Under the Bill as it stood, *there was no question of jobs* being transferred or NUR members having to switch unions.

In addition, the TGWU gave assurances that promotion prospects would not be affected and existing negotiating arrangements honoured.

The NUR, which until a few years ago had sole bargaining rights in the old railway docks, is, however, determined to see changes made to the Bill. It also says relations between the two unions at port level are "strained to the limit."

The controversial Bill extends the geographical area and type of work in which registered dockers must be employed and gives dockers prior rights of employment in the new areas on their existing special terms.

Bill Kendall for Whitley Council post

By Our Labour Staff

MR. BILL KENDALL, general secretary of the Civil and Public Services Association, has been appointed secretary of the staff side of the Civil Service Whitley Council with effect from next June when Mr. John Dryden, the present holder, retires.

The CPSA executive has nominated Mr. Ken Thomas, deputy general secretary, as Mr Kendall's successor.

Mr. Thomas's nomination will have to be confirmed by the union's annual conference next spring.

Hull-Rotterdam ferry to close at year's end

BY OUR LABOUR STAFF

THE DANISH owners of a catamaran-type *vessel designed for* ferrying loaded barges between Holland and Britain conceded defeat yesterday in an 18-month struggle with British dockers.

A spokesman for the owners of the Bacat One, which has been running between Rotterdam and the Humber with loads of up to 13 barges totalling 2,400 tons, said there was no basis for continuing the traffic after many shippers "defected" from the line for fear of trouble with dock unions.

The Bacat One, the only vessel of its kind in the world, was to have been joined by a sister-ship ordered last year, but the order has been shelved, at least temporarily.

Hull dockers protested against introduction of the vessel, which reduces the *need for loading* and unloading of river barges. Entering the ferry between its *catamaran-type twin aft hulls*, ten 140-ton barges can be lifted on to the deck of the Bacat One, and three 376-ton barges are moored between the twin hulls.

The spokesman for the Danish owners said all efforts, including offers of payment of "certain compensations" for possible loss of stevedoring work, to accommodate the dock unions had failed.

Even though the dockers' boycott of the Bacat One was "ineffective," since she did not have to dock to take barges aboard, the indirect pressure of the unions scared away the shippers, he said.

"So we expect that the Rotterdam-Humber run will come to a halt by the end of this year. We are now looking for other uses for the ship and for the 53 bargest built for it."

£6 for knitwear workers

BY OUR LABOUR STAFF

TWO OF the biggest employers *in the knitwear industry*, Courtaulds and Marathon, have reached agreement with the National Union of Hosiery and Knitwear Workers on a pay settlement giving virtually all their 18,000 workers staged increases totalling £6-a-week by next June.

Meanwhile, Courtaulds announced that 16 of the company's Lancashire spinning mills will be closed for an extended Christmas break because of the bad order book situation and the Amalgamated Textile Workers Union urged the Government to make an immediate announcement on import controls.

The pay settlement in the knitwear sector follows several weeks of sanctions, including one-day strikes, imposed by the hosiery and knitwear union in pursuance of its claim for the full £6 payable in two stages. The employers had initially offered a 10 per cent. pay rise.

Yesterday, the union claimed that those of its members who had not yet obtained a settlement with companies represented by the Knitting Industries Federation staged another widely observed one-day strike, while work continued normally at Courtaulds and Marathon.

The settlement with both companies provides for payment of £4 a week from next January and another £2 a week from the end of June for time-workers.

Piece-workers will be able to earn similar increases through adjustment of the "wage values" on which their rates are based.

Work to rule

Mr. Harold Gibson, the union's president, said some 98 per cent. of the piece-workers would be able to earn the full amount.

The union will have new talks with the Knitting Industries Federation later this week.

It has suspended its strike instruction for the next three Mondays, but Mr. Gibson said the working-to-rule would continue until there was agreement and Monday strikes would resume on January 12.

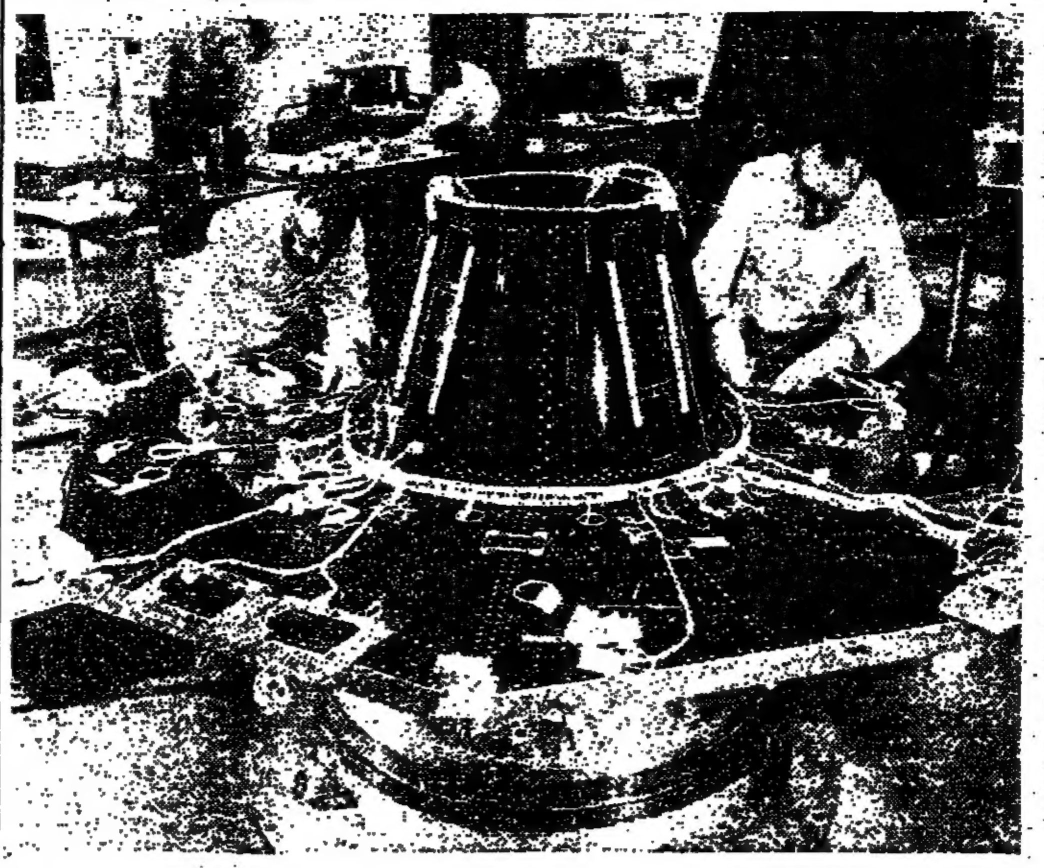
In a telegram to the Prime Minister on the situation in the spinning industry, the Amalgamated Textile Workers Union said "wholesale unemployment" was threatening and the need for Government action on imports was extremely urgent.

The telegram is the latest shot in the Lancashire textile industry's long campaign for tougher import controls.

It comes towards the end of a year in which the industry estimates it lost 10 per cent. of its manpower, and had to close more than 25 mills.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS



British Aircraft Corporation technicians installing the wiring harness to a COMSTAR 1 communication satellite thrust cone in the spacecraft assembly building at Bristol. The completed assembly will be the main spinning part of the satellite that keeps it stable in space. It carries the hydrazine-fuelled positioning and orientation system, solar panels and the communications sub-system. The thrust cone is made from magnesium and aluminium components and assembled by riveting and bonding processes within tolerances of 20 thousandths of an inch, after which critical interfaces are machined to a tolerance of three thousandths of an inch.

Some surfaces must be protected from the intense sun's rays. This is done by spraying on a special thermal paint, polishing the unpainted surfaces to a mirror finish and bonding with aluminium foil less than two thousandths of an inch thick, to achieve an even heat distribution. Under contract to Hughes Aircraft Company, British Aircraft Corporation, Electronic and Space Systems is involved in manufacturing major sub-systems for both commercial COMSTAR 1 communication satellites.

● PROCESSING

Small arc furnace for laboratory

THE FIRST small arc furnace built to a new design is scheduled for installation in the new Corporate Advanced Processes Laboratory being established by the British Steel Corporation in Teesside. The furnace is to be used in the investigation of steelmaking techniques. The order, valued at around £125,000, has been placed with Birlec by Davy Ashmore International, on behalf of BSC.

Maximum capacity of the new furnace will be four tons of steel, and it will be capable of melting to a flat bath three tons of steel scrap in about 1½ hours. Its electrical rating will be 1500 kVA.

Main feature of the new furnace is the rigid tilting platform which carries the furnace shell and the backstructure for the roof-lifting gantry and electrode masts, which hitherto have been mounted separately.

The complete platform is mounted on twin pedestals to allow the whole assembly to tilt forward for pouring and backward for slagging.

The entire structure is so designed that normal stresses set up by roof and electrode movements are not transmitted to the furnace shell, eliminating the possibility of distortion and refractory damage. The design also features the direct haul system for electrode raising and lowering, currently used on the company's large arc furnaces of 100 tons capacity and upwards.

Layout of the new small arc furnace is such that foundation preparations are simplified and many of the maintenance problems inherent with standard small arc furnace designs are banished, says Birlec (a GEC Group company) which is at Westgate, Aldridge, Walsall, Staffs., WS9 8BX (0922 53388).

● RESEARCH

Stops noise at source

NOISE CAN BE generated by a broad range of mechanical components such as gears, sliding devices, cams, rotating shafts, bearings, etc. Normal mechanical engineering design, however, does not treat the problem of noise suppression and for that reason a study has been undertaken to fill the gap in design techniques to allow the systematic design of low noise mechanical devices.

Incramute I, a high damping copper alloy developed by International Copper Research Association, has been examined for use in a variety of typical components which are noted for their high noise output. A philosophy has been developed which should make the engineering designs easier in applying Incramute to structural components using the techniques described.

Incra is now embarking on a series of field trials to illustrate *the effectiveness of Incramute in* solving noise problems in a wide variety of mechanical devices.

One of the promising applications is for industrial circular saw blades which are fabricated from composite Incramute steel blanks.

Production of a sandwich composed of a steel core with outer surfaces of Incramute is made difficult by the conflicting mechanical property requirements of the two components. The steel must be heat-treated to a high strength level whereas the Incramute must be quenched and aged to yield optimum damping. The ageing process results in a phase transformation which gives rise to a 0.5 per cent. linear shrinkage. This shrinkage gives problems of joint integrity and it was the purpose of this *programme to develop a process* for producing high integrity sandwiches by a brazing technique. The sandwiches were fabricated into carbide toothed circular saw blades and were successfully tested. The programme is continuing with the production of a range of blade sizes for further test.

Copper Development Association, Orchard House, Mutton Lane, Potters Bar, Herts EN6 3AP. Potters Bar 50711.

● ENERGY

Business afoot in hot rocks

A HARWELL scientist is one of three experts recently appointed to represent Britain on a European committee looking into prospects for geothermal energy.

Dr. John Garnish has the task, in his EEC role, of finding organisations or individuals in Britain who are willing to carry *out geothermal contract work.*

The kind of work is extremely varied, running from area data acquisition to steam production. Applications or inquiries about contract research in geothermal energy should reach ETSU (Energy Technology Support Unit) as soon as possible.

As the Department of Energy representative on the EEC Advisory Committee on Programme Management for Geothermal Energy, Dr. Garnish expects to travel to Brussels three or four times a year. His two British colleagues will represent Industry and the Institute of Geological Sciences.

The Energy Technology Support Unit at Harwell was set up by the Department of Energy about 18 months ago to advise the Government on energy policy for *the future. It is particularly con*cerned with the prospects for alternative forms of energy.

Further data from ETSU, Building 10.28, Harwell, OX11 ORA. (0235 24141.)

● ELECTRONICS

Pye attack on the U.S. market

PYE CONNECTORS already in the Far East, Africa and Europe, is planning to break into the American market with its Modulo modular printed circuit board connector.

Initially Electro-Technical Marketing Association of 3525 W. Peterson Avenue, Suite T-7, Chicago, Illinois 60659, will act as distributors in Wisconsin, Michigan, Illinois and Indiana. Negotiations for the appointment of two more distributors are at an advanced stage.

Modulo connectors are available with 0.100 and 0.150 inch plugs and 0.100, 0.150 and 0.156 inch sockets. They are presented in up to 85 ways—either single or double sided—depending on the contact pitch. All feature low insertion force of only 3 to 5 oz per way and are available with three types of contacts—solder eyelet, dip solder and mini-wrap.

The company is at Hitenin Street, Biggleswade, Beds. Biggleswade 312086.

● MATERIALS

Keeping the feet on the ground

NON-SLIP coating materials for floors have been introduced by ECP Resins of Alfreton, Derbyshire, following intensive tests, including the application of the materials to a British Rail station footbridge. During the BR tests over a period of two years, the footbridge, which is exposed to all elements, has been used by nearly 300,000 pedestrians with a minimal amount of wear to the non-slip coating.

Resilay consists of a tough resilient synthetic resin base containing a graded aggregate with exceptional abrasion resistance. It is available in three grades of coating for varying applications.

Resilay L is a light duty coating, mainly suitable for foot *traffic and light wheeled traffic.* It is particularly recommended for use in industrial warehouses, works offices, and working platforms around process plants.

Resilay HM is a heavy duty coating, suitable for exposed but relatively clean areas subject to heavy wear. The resin base coat is supplied with a medium aggregate and is recommended for use in industrial loading areas subject to heavy *fork lift* traffic, exposed decks and working areas on ships, dredgers, drilling platforms, etc.

Strongest wearing is HC which has a coarse aggregate and is suitable for exposed areas subject to contamination from oil grease, mud, etc. Applications for this coating include construction plant maintenance areas, decking *for roll-on vehicle ferries*, working areas and walkways.

Resilay synthetic resin base is supplied as a two-pack reactive system and normally applied by a brush although airless spray methods may also be employed.

Light foot traffic is permissible only eight hours after application, although two or three days are normally required for full *hardening of the resin.*

ECP is on Alfreton (077 383) 2271.

● PACKAGING

Vacuum packs in multiples

A VACUUM packer, the Dixie-Vac 2400 is being marketed in the U.K. by the ABR Food Machinery Co. (a member of the Thorn Group).

Made by the Dixie-Union Co. West Germany, it is designed *for the multiple vacuum packag*ing of fresh and cooked meats, bacon, cheese and similar products packed in trays and sachets.

It operates from two 420 mm. reels of packaging film (obtained from any source). From the lower web trays can be drawn up to 100 mm. or 150 mm. deep, depending upon the model ordered. Two basic models give maximum strokes of either 400 mm. or 650 mm. with five options on length of loading area from 850 mm. to 3000 mm.

Length of stroke can be adjusted by turning a handwheel without changing gears. There are no slip-and-cut-off variations, even with heavy products, it is claimed, so it is easy to match plus and minus tolerances on a printed top film.

To make evacuation more effective and to achieve a higher output speed evacuation of the chamber and the packs has been separated. If desired the injection of an inert gas is possible before the packs are hermetically sealed by the heated seal-frame in the top half chamber.

Details from ABR Food Machinery Co. Denbigh Road, Bletchley, Milton Keynes. MK1 1DQ (0908 76421).

● LIGHTING

Powerful hand lamp

A HAND-HELD battery-operated halogen lamp, which projects an extra wide uniform beam of intense *light* through a system of optical lenses, can illuminate an area of 200m² (2,200 feet²). The intensity and uniformity of the light produced is such that a newspaper can be read at any point in the illuminated area.

The L 140 searchlight lamp is manufactured by Mitralux International AG, of Basel, Switzerland, for use by repair and maintenance crews, *security patrols,* police, fire and rescue services, underground workers and all others who require a sturdy and maintenance-free portable light source.

An impact-resistant hard plastic case contains the projector system and a maintenance-free rechargeable battery which lasts for 100 minutes before recharging from the mains electricity supply or from a convenient vehicle battery.

Each lamp has a detachable carrying strap and a threaded socket for attaching to any standard photographic tripod. There is also a leg which hinges out from the base which allows the lamp to be directed upwards at an angle. The extremely small opening through which light is projected is in a recess in the front of the case so that it is *virtually impossible to damage* the light source.

Mitralux is at 75, Frobenstrasse, 4008 Basel, Switzerland. Telephone (061) 22 72 22. Telex 63603 Milux CH.

● DATA PROCESSING

Simplified microfilm processor

CAPS Microfilm, member of the Pilkington Group, has introduced the Sebarex microfilm processor, an extremely simple machine which processes 30 metres (100 feet) of film in approximately one hour.

It has developing and fixing solutions thermostatically controlled which are sufficient in quantity to process approximately five 30 metre rolls of 35 mm film or ten 30 metre rolls of 16 mm film. The process is very easy to operate and requires no specialised photographic skills.

Manufactured from corrosion-free black plastic and high quality stainless steel, the unit is given complete electrical safety by the use of a 24 volt transformer which can rest on the floor adjacent to the electrical supply point. This ensures that no high voltages are employed, vital in a machine which contains liquids.

Measuring 560 mm x 210 mm x 530 mm the Sebarex weighs 16 kg. (35 lbs).

Caps Microfilm 7, Westmorland Road, London, NW9 9RG (01-204 4111).

● CONFERENCES

Plasterers will meet in London

THE 59th annual convention and exhibition of the International Association of Wall and Ceiling Contractors (whose headquarters are in Washington DC), is to be held at Grosvenor House, London, from March 19-26.

The convention is being held in the United Kingdom for the first time, and it will be the first joint meeting between European and North American contractors in the trowelling, ceiling fixing and dry-lining trades.

Over 1,000 delegates are expected from Canada, Australia and Japan, as well as from Europe and the U.S.

Details are available from Mr. K. M. Williams, Director, National Federation of Plastering Contractors, 82, New Cavendish Street, London W1M 8AD.

1861. A block of Model Cottages erected with the aid of the Society. The cost: £75 per house.

1906. The new middle class with the aid of Society mortgages were at last buying their own properties.

1914. With remarkable foresight the Society insured all properties within 10 miles of the East Coast against war damage. When the Zeppelins came a lot of people rested easier.

1920. After the war, a house famine. But a special agreement between the Society, Corporations, Insurance companies and builders went a long way to meeting the increased demand.

1930. Not only did the Society get a new home in 'Permanent House' Leeds, but it contributed to Britain changing from a nation of rent-payers to a nation of house-owners.

TODAY. As the fourth largest in Great Britain, the Society, continuing its policy of promoting house-ownership, makes a special point of encouraging the first-time home buyer.

FOR GENERATIONS WE'VE BEEN BUILDING OUR REPUTATION.

"1975...a year of great economic stress, but despite its many problems it is with considerable pride, that I report record results."

J. C. Roscoe, JP, DL, ACII. President (15.12.75).

Our foundations rest firmly on generations of confidence.

We value this trust, because it has existed through many different economic climates.

1975 has been a year of uncertainty for many, but we believe that our performance has once again demonstrated that building societies are responsible custodians of the community's savings.

Our total assets reached £1,354 million.

"The Society's assets now amount to £1,354 million compared with £1,109 million a year ago, an increase of 22·05%. This rate of growth in both real terms and percentage-wise is the highest in the Society's history."

Our investment receipts were a record.

"...a record total of £595 million was received from shareholders and depositors.

And for the first time on record, the number of new investment accounts opened during the year exceeded a quarter of a million."

Our mortgage lending – the highest ever.

"Mortgage lending of £271·4 million was a record – 25% higher than the previous year...

Our lending averaged almost £5¼ million per week throughout the year.

We granted 37,500 new mortgages and helped another 7,800 existing members to improve their homes."

We're still building.

This year saw the opening of 25 new branch offices.

In total we now have 187 branches and 1,500 agents throughout the country.

This progress is designed to ensure that future generations can have all the confidence they seek.

Our reputation stands on it.

The Leeds PERMANENT BUILDING SOCIETY

PARLIAMENT

Tories lose patience over Chrysler delay

BY JOHN HUNT

THE COMMONS witnessed some fierce skirmishing over the Chrysler situation yesterday prior to the main battle, which is expected to-day when Mr. Eric Varley, Industry Secretary, makes a full statement to the House at the beginning of the debate on the car industry.

The Tories, impatient at the continual delays and the lengthy Press reports of Cabinet in-fighting, demanded to know when MPs would see the gloomy report on the future of the motor industry in Britain which has been prepared by the Central Policy Review Staff.

They also wanted to know when the Government would publish its reply to the equally critical report on the industry which has been drawn up by the Commons Expenditure Committee.

After angry exchanges and a Conservative demand for an emergency debate, Mr. Bob Mellish, the Government Chief Whip, announced that the CPRS report would be available at 11 a.m. to-day, published in full.

But the wrath of the Opposition, and some Labour MPs, continued unabated when he said that the reply to the Expenditure Committee would not come until after the Chrysler announcement had been made.

As Mr. Mellish tried to fight off the Opposition, a deadly shaft was hurled from his own backbenches. Mr. Pat Duffy (Lab. Attercliffe), who was chairman of the Expenditure Committee which produced the report, angrily accused Mr. Mellish of treating the Committee and the House with discourtesy.

There were gleeful cries from the Conservatives as he declared: "MPs will wish never again to see the Government delay a reply to a backbench report simply because it may well be a little inconvenient or embarrassing."

A lengthy tussle followed across the Despatch Box with Mr. John Peyton, "shadow" Leader of the House, accusing the Government of treating the motor industry with scant regard and Parliament with frivolity. He advised Mr. Mellish to treat the House with proper respect even though he might hector his own backbenchers.

MR. BOB MELLISH
"I don't hector."

Mr. Mellish thundered "You are liging up to your usual standard of stupidity to say that I hector. I don't do anything of the sort." According to him, the Government was behaving in a way that was "logical, honest and decent."

The struggle was taken up by Mr. Michael Heseltine, "shadow" Industry Secretary, who demanded an immediate statement on Chrysler instead of waiting for to-day's debate.

There was an angry and surprised outburst from the Opposition when Mr. Varley replied that discussions with Chrysler were not yet complete. He said that detailed heads of agreement were still under discussion but he would be in a position to report the outcome to-day.

Mr. Heseltine told him: "Could you explain to your colleagues that their bickering and in-fighting—all linked to the Press—have destroyed what little credibility the Government strategy had left."

Labour backbenchers also showed impatience at the delay in making an announcement. In a final shot, Mr. Raymond Fletcher (Lab., Ilkeston) told Mr. Varley "If I believed everything I read in the week-end Press, I would resign the Labour whip this afternoon. But the fact that I don't believe everything I read enables me to stay on this side of the House."

Treasury plans to plug tax loophole

FINANCIAL TIMES REPORTER

PROVISIONS are to be included in next year's Finance Bill with retrospective effect to yesterday—aimed at countering tax avoidance schemes operated to benefit individuals under leasing partnerships, Mr. Robert Sheldon, Financial Secretary to the Treasury, said in a Commons written reply yesterday.

He told MPs: "I am aware that schemes have been devised which exploit the 100 per cent. first year allowance in conjunction with other tax provisions to minimise the tax liability of higher rate taxpayers through the medium of leasing partnerships. Substantial amounts of revenue are at risk.

"I therefore propose to introduce provisions in the next Finance Bill which will ensure that where machinery or plant is leased or chartered by a partnership which includes a company and an individual, or by an individual or a partnership of individuals with an arrangement to bring in a corporate partner at some time in the future, whether trading or non-trading, the tax relief for capital allowances will be available only against the rental income of the partnership or individual.

"This legislation will apply to any expenditure on such machinery or plant incurred after to-day."

Foreign cars push up share of U.K. market

IMPORT penetration of the U.K. car market was 33.4 per cent. in the first eleven months of this year compared with 37.1 per cent. in the corresponding 1974 period, Mr. Peter Shore, Trade Secretary, said in the Commons yesterday.

In January-November, 1975, exports of cars totalled £451.3m. compared with imports of £473.6m. In recent months, Japanese car imports had been falling and car imports from other countries rising.

Mr. Shore said there was a deficit, particularly in cars, of about £22m. this year. That represented a considerable and adverse change from last year.

"It emphasises the need for continued effort by the British car industry, in some cases with the help of the Government, to get our car industry back firmly on its feet," he declared.

Mrs. Castle hopes pay beds plan will bring hospital peace

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE COMPROMISE proposals for a solution to the pay beds issue were outlined yesterday by Mrs. Barbara Castle, Social Services Secretary, with the hope that they would lead hospital consultants and specialists to end their "damaging industrial action."

But anxiety over the intended arrangements — and even some suspicions about the intended outcome—came from both sides of the Commons in response to Mrs. Castle's statement.

She assured MPs that if the professions as a whole agreed the proposal and normal working was resumed, then the Government would embody the proposals in legislation.

The legislation was to enshrine to principles: first, that private beds and facilities should be separated from the National Health Service, and secondly, it would explicitly commit the Government to the maintenance of private practice by renewing the existing legislation which entitles doctors to work both privately and in NHS establishments.

Suspicion

An independent Board to be established by the Government would have responsibilities for the phasing out of pay beds. The criteria for this would be the reasonable availability of alternative facilities for private practice.

From the Opposition front bench, Mr. Norman Fowler, endorsed Mrs. Castle's view that the issue should be decided by Parliament. But the arrangement she announced did nothing to reduce opposition to her policy by the Conservatives, he declared.

"It is both wrong in principle and indefensible in practice," Mr. Fowler told the Government, amid loud Tory support.

But from the Labour backbenches, distrust was expressed for the proposal to set up an independent Board. Mr. Bryan Davies (Lab. Enfield, N), maintained that Mrs. Castle should keep in her own hands the powers she proposed to give the Board.

Mrs. Castle assured him that the Board's activities would remain under Parliamentary control because the criteria by which it must be guided would be laid down by legislation.

From the Tory backbenches, the suspicion was voiced that the proposals could be used as a "disguised way of getting rid of private practice altogether."

The Minister pointed to the terms of the proposals and the Government's commitment. In her statement she said that the Board would have an independent chairman and include members drawn from the medical profession.

It was accepted, said Mrs. Castle, that there were some pay beds and facilities which could be phased out without delay because of their under-use or the reasonable availability of alternative facilities for private practice.

The Bill she proposed would, therefore, detail 1,000 pay beds to be phased out of the NHS within six months of it becoming an Act of Parliament. The pay beds so to be treated would be listed on the criteria she had mentioned after consultations with all concerned.

The phasing out of the remaining pay beds would be determined by the Board which would be guided by particular criteria. This would require that there should be a reasonable demand for private medicine in the area of the country served by a particular hospital.

It would also be necessary that sufficient accommodation or facilities existed in the area for the reasonable operation of private medicine, and that all reasonable steps had been or were being taken to provide those alternative beds and facilities.

Mrs. Castle said that these matters would be kept under continuous review. Where all reasonable steps were not being taken, that would be in itself, after due warning, grounds for withdrawing pay beds and facilities in the hospitals concerned.

One of the factors the Board would bear in mind in deciding whether private facilities for specialised operations, treatments and investigations, should be phased out would be the willingness of the NHS to make such facilities reasonably available on an occasionable basis in specified circumstances and an appropriate charge.

Ministers would have to satisfied that there would be disadvantage to NHS patient.

Mrs. Castle said: "The Gove ment believes that the smo phasing-out of pay beds wo be facilitated if, pending t withdrawal, a system of com waiting lists were to be in duced.

"The professions h expresed reservation of matter, but it is proposed the legislation should inst the Board to examine this make recommendations to Secretary of State within months of Royal assent to Bill."

Mrs. Castle hoped the posals would ensure the Gove ment's policy of separation achieved — but in a way wh would allay the fears of medical profession and prov an enduring settlement.

MP calls for prompt action on Press report

SEVERE PROBLEMS will face the Press by the time the Royal Commission makes its interim report at the end of January, Mr. Jonathan Aitken (Con., Thanet E.) warned in the Commons yesterday.

Earlier, Mr. Peter Shore, Trade Secretary, said the Commission was expected to produce its report on immediate problems facing the newspaper industry by the end of January, 1976.

Mr. Aitken said that by then, almost every newspaper would be facing not only financial but also human problems. "A large number of redundancies look like being inevitable if the new printing technology which will save newspapers is going to implemented.

"Will you be fast and flexi in your response to the Co mission's recommendations order that the crisis can averted?"

Mr. Shore stressed that he w aware of the industry's proble "The reason I asked the Ro Commission to present interim report was precise because I was worried about t scale of the problems and t timing of difficulties in relati to the longer-term considerati by the Commission."

He would give the inter report his full attention as so as he received it.

Exports scheme changes likely

FINANCIAL TIMES REPORTER

SOME IMPROVEMENTS in the Cost Escalation Insurance Scheme are expected to be announced by the Government in the Commons later this week.

A clear hint of this was given by Mr. Peter Shore, Secretary for Trade, during question-time exchanges yesterday when he assured MPs that changes advocated by industry and certain features of the French cost escalation scheme are under urgent consideration.

He pointed out that the present scheme has assisted in the successful negotiation of exports totalling nearly £130m., and a large volume of potential business was at various stages of negotiation.

"But I am well aware of industry's views on the need for changes in the present arrangements and, as a matter of urgency, I am considering them again carefully in the light of our experience to date and all other relevant factors, including cost."

Mr. John Davies (C. Knutsford), former Trade and Industry Secretary, highlighted the advantages of the French cost escalation scheme, including its greater flexibility which, he said, provided material advantages for French exporters.

Mr. Shore acknowledged that some features of the French scheme were undoubtedly more generous than those which had been introduced in the U.K. but underlined the fact that as a consequence, the French scheme was much more expensive.

"I am certainly looking at all relevant factors including certain features of the French scheme," he stressed.

Replying to Mr. John Stanley (C., Tonbridge and Malling) the Minister agreed that an improvement in Britain's balance of payments position through an expansion of exports would be preferable to any improvement obtained through import controls.

"But clearly we can only do that if world trade is expanding. That is the point which has been emphasised over and over again."

Mr Shore added that he hoped to be able to complete the review of the cost escalation scheme and make a statement before the House rises for the Christmas recess on Friday.

Tory urges retaliation if Concorde is banned

A CALL for retaliatory action by British trade unionists if Concorde is prevented from flying to New York for "spurious environmental reasons," was made by Mr. Robert Adley (C Christchurch and Lymington) in the Commons yesterday.

Mr. Adley suggested that if Concorde was banned from landing at New York, British trade unionists should ensure that goods exported from the port of New York were subjected to "appropriate political delays" on entering this country.

He also asked Trade Unde Secretary, Mr. Clinton Davi whether he agreed with the Wa Street Journal's statement th the anti-Concorde industry in th U.S. was involving itself in "th meanest kind of politics."

Mr. Davis replied that it wa far more profitable to deal wit facts rather than epithets on thi very important issue. Negoti tions were being vigorousl pursued so that Concorde's sche duled services could start a planned.

Rate increases much lower next year, says Crosland

RATE INCREASES next spring will be very substantially lower than they were this year, Mr. Anthony Crosland, Environment Secretary, said in the Commons yesterday.

Moving an increase of £1,042m. in the total rate support grant, Mr. Crosland said that this would bring the total handed out by the Government to £5,747m. in the 1976-77 financial year.

He said that grants, as they now stood, had been determined at November, 1974 prices, and they had now to be adjusted to take account of increases in prices.

Last year's unprecedented crisis for local authorities had been met by an unprecedented rate of grant of 66½ per cent. "Next year it will be different. Local authorities should budget for a standstill in current expenditure, not growth."

They could expect a sharply declining rate of inflation because of the Government's anti-inflation policy, and their general financial position was much healthier than a year ago.

Mr. Crosland said that at November, 1975, prices the aggregate Exchequer grant would be £6,842m., which would mean a reduction in the grant percentage to 65½ per cent.

He could not hope that there would be room for any extra growth in local government expenditure next year, "because spending this year was likely to reach the level we planned for next year."

The implications of a standstill in expenditure were unpleasant, even harsh. But the increase now being felt was largely as a result of public demands on their local councils.

Mr. Crosland said that next year authorities would get additional grants under the normal increase procedure of up to £480m. but above that, the cash limit would bite.

This was based on the Government's intention to reduce the rate of inflation to 10 per cent. by late summer next year, and to single figures by the end of next year. In line with this, it was expected that the rate of inflation in local authority costs would be not more than 11 per cent. on average 1975-76 costs.

Mr. Crosland said if local authority expenditure increased because of changes in Government policy, the cash limit would be reviewed.

The rate increase next spring would be very substantially lower than this spring. The reaction to this year's rate support grant settlement had been subdued but not basically hostile.

After the chaos and crisis of 1973-74, local Government finances were now in a far healthier condition. "And the public can face next year's rate increases with reasonable equanimity."

Mr. Crosland said he now expected to get the report from the Layfield committee on local Government financing early in 1976.

He said the belief that expenditure, and not financing, was the crux of the matter was one reason for the decision to introduce cash limits. Local authorities would at least know where they stood. The cash limits would provide financial discipline, while preserving the essential freedom of local government in deciding its own priorities.

Opposition environment spokesman Mr. Timothy Raison said Mr. Crosland's attempt to provide some reassurance for ratepayers looked pretty unconvincing.

Last year domestic ratepayers were most unhappy but this year the commercial and business ratepayers were equally miserable. There was real hardship in many smaller businesses.

Rates occurred capriciously and unfairly, fundamentally because they were not related to people's incomes. In areas where the standard of living was allegedly higher, it was no consolation for poor people to have to pay through the nose.

The annual reallocation of elements in the rate support grant also contained difficulties. There was a risk of "political jiggery-pokery" in relation to elections.

Mr. Raison said the Opposition had felt Mr. Crosland was beginning to be more realistic this year when he made his famous speech telling local government that "the party is over." But he was still pursuing the most extravagant ways of providing houses and pursuing the Community Land Act.

He asked what would happen when the Government's pay policy ran out next summer. Any pay settlement in local government was of crucial importance, and local authorities should know how they were to budget if the Government failed to reach the target of single figure inflation.

It was a vital necessity not to pile more expense on the rates. The Government should apply far greater pressure on local authorities to hold down rates. It was not enough to rely on elections, because many parts of the country would not be holding elections next year.

"Local authorities must economise and realise the burden carried by the wealth producing sector of the community is now altogether excessive."

Carr wants decision on M23 stretch

MR. ROBERT CARR, former Home Secretary, accused the Government and Greater London Council yesterday of lacking responsibility towards thousands of families suffering anxiety and hardship because of the "interminable delay" in reaching a decision about the northern extension of the M23 motorway.

Mr. Carr, Conservative MP for Carshalton, said in a letter to Dr. John Gilbert, the Transport Minister, that his previous correspondence with Dr. Gilbert was "wholly unsatisfactory" and he wanted to head a deputation.

"The continued delay might be slightly less intolerable if there were the slightest chance of actually constructing the northern extension of the M23 in the foreseeable future, however foolish it would be to do so. In practice however, the economic position is such that the chance of building this road for many years to come must be almost zero."

HALLMARKING UP AT BIRMINGHAM

The November submission of gold, silver and platinum articles to the Birmingham Assay Office for assay and hallmarking increased to 748,700, an increase of about 27 per cent. over November 1974.

FINANCIAL TIMES SURVEY
Tuesday December 16 1975

Pacific Capital Markets

World recession has put the brakes on the economic development of the emerging countries of the Pacific region. For the financial centres involved, the message is that until recovery occurs the way ahead is likely to prove difficult.

A time of waiting

By KEVIN RAFFERTY, Asia Correspondent

ALL COUNTRIES on the rim of the Pacific Ocean have been going through a period of uncertainty this year. Bright new ventures have been put into cold storage as one country after another has concentrated on pulling through without any major disruption to its political and economic system.

The world recession has been the most powerful unsettling factor, and no country has escaped its effects. The mighty industrial power of Japan has been greatly affected, but that was to be expected. Japan has few raw materials of its own and depends almost entirely on oil for its energy supplies. But even Australia, young, brash, able to flex resource-rich muscles, has plunged into economic—and hard upon its heels, political—gloom. It remains to be seen whether Mr. Malcolm Fraser's landslide victory will sweep away the political divisiveness in Australia.

In terms of GNP growth rates the developing countries of Asia appear to be doing better. Malaysia scored more than 5 per cent. real growth last year and forecasts 7 or 8 per cent. this year, the Philippines expects 5 per cent. this year. Thailand hopes for as much as a 10 per cent. real growth. These are heady figures indeed when seen from a depressed West staggering along to avoid getting poorer.

In each Asian country there are offsetting factors. The 2 or 3 per cent. annual population growth immediately slices down the gross figures. In most countries there are political reasons why growth of less than 5 per cent. means failure. Experts have calculated that at least 5.5 per cent. growth is necessary to allow enough scope for social policies to benefit the poorest people.

Malaysia may be taken as a case study. In so many ways it typifies the claim that the Pacific region exemplifies the riches of the earth. It exports oil and a host of essential commodities—rubber, tin, timber, palm oil. It has no population problem and still has unexplored lands to tap. Yet Malaysia needs high growth and great confidence if it is to press ahead with ambitions—and vital—plans to restructure society to give the poor, rural Malays some opportunities.

Sapped

As it is, confidence within Malaysia has been sapped. Foreign investment has fallen. Politicians are bickering and outshouting each other in making unrealistic promises. A good number of the great plans for changing society are still being pursued—for example, the shipyard at Johore has opened—but often without sufficient awareness that you just cannot wave a magic wand and change society—even if you do have great riches. Shipowners are already commenting that the labour at Johore is not as skilled as that in Singapore with which the yard is competing for business in a shrinking recession-hit market.

Malaysia is not alone. Indonesia has been shaken by the Pertamina crash. Thailand is trying to make democracy work in most difficult circumstances. South Korea is worried again about the threat from the North. Only tightly controlled and disciplined Singapore and Hong Kong of the capitalist bloc of countries are still steaming ahead single-mindedly, and in both the ordinary people have had to accept a considerable cut in their real incomes.

There is probably more confidence in the Communist world. North Vietnam is fresh from its sudden victory in the war with the U.S.-backed regimes in the South. China, after a better harvest than in previous years and with a growing oil industry, has a breathing space. But there are still all sorts of instabilities in the Communist camps. The Indo-China countries are each desperately poor, with problems even in feeding themselves. Moreover, there is the danger of a Sino-Soviet struggle developing in Indo-China and spreading to the whole of South-East Asia.

The political and military affairs of Indo-China are continuing to cast widening ripples over the whole of the Pacific region. All the governments in the area are jittery about the future plans of Hanoi. But the defeat of Nguyen Van Thieu would have even greater significance if it caused the U.S. to lose interest completely in the Western Pacific. The U.S. Administration protests that it is still interested, but some of the actions of Washington since the North Vietnamese marched into Saigon have been those of a sulky spoilt child who threatens to take away all his marbles if he loses a game.

At the moment there are glimmers of hope throughout the Far East that the world recession may be nearing an end, a prospect which is being seized upon by local pundits as the answer to all the problems. Whether the end of the recession on its own woud solve everything is doubtful, but it would be a key factor in restoring confidence to the Pacific region.

The attitude and role of Japan in the region is of prime importance. Commentators in Tokyo tend to say that without Japan there would be no such thing as a Pacific region and that Japan holds the countries together. Such assertions may be taken either as facts or as a hint of the next round of problems the developing Pacific will have to face.

Japan is the most important trading partner for the developing nations and when—as now—Japan's economy slows down, they are hurt. Some experts think that had it not been for the cutback in Japan's purchases of Indonesian oil—partly because of the recession, partly because Tokyo bought from Peking—Pertamina might have been able to pull through. With the U.S. Japan is the biggest investor in the Pacific and the cutbacks in investment are beginning to affect the developing countries.

But the statements about Japan's importance also contain more than a suggestion of Japanese arrogance if not imperialism—attitudes which have already surfaced. Since the anti-Tanaka riots of early 1974 Japanese companies have been told to keep a lower profile and have certainly been more cautious. Whether Tokyo has learnt all the lessons that the South-East Asians were trying to get across remains to be tested. The ending of recession may show whether Tokyo is prepared to respect national aspirations or even help by granting trade concessions and sharing technology.

But if it is to develop along capitalist lines, the Pacific region also needs a strong partnership with the U.S. and Western Europe, and here there may be more doubts. In the development of banking and financial institutions the West is more important than Japan. Quite how much banking helps in overall development may be argued. On its own, it does not employ many people, but it is an essential bedrock foundation for attracting international companies as well as raising the general expertise of the economy.

Doubts are now being expressed widely about declining U.S. political interest in the Far East. In the short term the views of Washington are unlikely to affect the large number of American companies which have investments in the Pacific region. Where they could have an impact is in producing a miserly response from Washington over vital trade matters. Such an attitude could damage the prospects of the developing countries more than anything else.

U.S. disinterest could also leave the door open for Moscow's greater interest or for the more damaging Sino-Soviet tussle which could only increase the jitteriness in the developing capitals. Some observers have already noted growing interest of the Soviet Union and not merely through Indo-China. The Moscow Narodny is the biggest foreign bank in Singapore in terms of loans.

The longer-term connection between foreign policy decisions and foreign investment is a more open question. Some economists would argue that international companies will go wherever there are good prospects of business and profits, and that as the Pacific is a region of great riches, it will always attract great investments. Such a view takes no account of a possible reaction by the host developing countries if they are ignored: it takes no account of what happens if development opportunities are missed because of restrictions on exports.

The attitude of Europe towards the Pacific provides some lessons and rings some alarm bells. Historically, the Pacific was an area of great European influence, the British in Malaysia and Singapore, the French in Indo-China, the Dutch in Indonesia. Yet to-day it is impossible to avoid the impression that Europe is ignoring good opportunities, both business and political.

Seen from the Far East, the Common Market is becoming more and more of a self-interested and short-sighted rich man's club. Expatriate businessmen in the Far East will expatiate on the fabulous opportunities there, and the lack of interest of their head offices, even where the investments needed are tiny by comparison with their global investments. "Europe has become an all-absorbing passion," complained one Briton, "yet we are being defeated hand-over-fist in Europe."

Balancing

European interest is still important to the developing countries of the Pacific. Europe is a balancing factor and helps to tone down some of the more strident behaviour of the Americans. Europe still has a wealth of experience in banking, finance and business. Europe has a vast market which is a lifeline for the poorer nations.

It may be that the decline in Europe's interest is merely a product of the recession and when the recession ends doubts will fade away and the Far East will again enjoy a strong relationship with Japan, the U.S. and Europe. But it cannot be assumed that the ending of the recession will automatically solve all the problems. And even if or when they do attain high growth rates again, the developing countries still have to solve the much larger problem of development for the masses.

Project finance requirements

A GUESSTIMATE by an international banker who has just finished a trip round the Pacific basin countries suggests that countries in the area (other than the U.S. and Japan) are already planning on $3bn. worth of foreign currency finance for major projects during 1976 alone.

By way of comparison, total loans approved for the area by the Asian Development Bank last year amounted to $375m..

There are major projects already well through the feasibility stage in just about every Pacific Basin country. The Philippines has its $1bn. plus nuclear power plant; Australia a plethora of potential mining plans; New Zealand the Maui gas field; Hong Kong the Mass Transit Railway; Malaysia the development of oil production refining and shipyards; and so on.

Some of the projects currently moving towards the implementation stage doubtless will not materialise. On the other hand, there will doubtless be many others which have not yet come out into the open. The extent to which Mao Tse-tung's China will involve the Western world in large-scale projects is a favourite guessing game in the international banking community at present.

In its presently visible form, the project planning which has already emerged poses three main problems: the capacity of the international agencies (such as the World Bank and the Asian Development Bank), of the export credit agencies in industrialised countries and of the international banking community to provide the necessary foreign currency funds; the capacity of the countries in the area to finance their outstanding foreign currency debt, let alone increases in it; and finally, the successful implementation of the projects in the face of apparently massive technical, political and environmental problems.

Of the three sources of finance for the projects in the area, the one which is most likely to be problematical next year is medium term commercial bank Euromarket lending. Unfortunately, the Euromarkets have been far more important as a source of funds than either the export credit agencies or the international institutions in recent years.

So far this year Indonesia has arranged a billion dollars of medium term finance on the Euromarkets, to take the most prominent example. Currently in the process of being arranged is a $100m. loan for a privately owned corporation in the Philippines for expansion and modernisation of plant, $200m. for Malaysia, a further $100-150m. for Indonesia, and $200m. for development of New Zealand's Maui gas field. These four financings alone amount to more than the total provided by the Asian Development Bank during the whole of 1974.

Demand

There are bankers who fear a credit crunch on the international markets next year. As the demand for funds from major companies in the industrialised countries themselves picks up, it is argued, so the banks' capacity to provide loans for projects elsewhere will decline. Banks' lending capacity is limited by legal or quasi-legal requirements on the ratio of capital to balance sheet footings and many majors are not too far from these limits already.

Even if the credit crunch does not prove too restrictive, the borrowing capacity of the Pacific Basin countries themselves is expected to provide a brake on the implementation of projects next year. Most of the countries in the region, rel[y]ing as they do to a great exten[t] commodity exports, subs[tan]tially increased their for[eign] exchange earning capacity thus their ability to ser[vice] foreign currency debt in early 1970s.

This movement has [been] sharply in reverse in [many] countries from late 1973 [on]wards under the impact of fourfold oil price increases the collapse of demand for [many] commodities with the reces[sion] in the industrialised w[orld]. The extent of next ye[ar's] economic recovery in the in[dus]trialised world is still b[eing] debated and there would in [any] case be a time lag before [com]modity prices pick up.

One Pacific basin countr[y at] least—North Korea—is alre[ady] behind with payments on [out]standing external loans borr[ow]ings while another, Indone[sia] has been the subject o[f] massive funding operat[ions]. International bankers fear [that] there may be many more.

The problems of succes[sful] implementation of the vari[ous] major projects in the area [are] in effect impossible to disc[uss] except with detailed refere[nce] to the individual project c[on]cerned. This year the In[do]nesian situation has prove[d a] particular bugbear, with external financing probl[ems] triggering off developme[nts] which resulted in the wh[ole] foundation of Pertamin[a's] ambitious planning being cal[led] into question. What event[ual] solution to Pertamina's pr[ob]lems will turn out to is by no means decided e[ven] now, almost a year after [the] crisis broke. But next year [the] problem could well be anot[her] major project (or series [of] projects) in a complet[ely] different country for utte[rly] different reasons.

The one thing that can [be] said with confidence is th[at] neither implementation n[or] financing problems look at th[is] stage like preventing t[he] countries in the area fr[om] continuing fast up the road which they have embarke[d]. Indeed, the reaction to t[he] problems has been in the opp[o]site direction with a logic whi[ch] runs as follows: if there is [a] shortage of foreign currenc[y], then there is clearly a need fo[r] major projects to be put i[n] hand in order that goods pr[o]duced locally may be subs[ti]tuted for those which have [to] be bought with foreign curre[n]cies. The costs of the Phil[ip]pines nuclear power proj[ect] could be recovered from balan[ce] of payments savings on f[uel] within seven years of the pl[ant] starting operation.

As is proving the case am[ong] all countries with foreign [ex]change problems savings [by] means of cutting down c[on]sumption of imported goods contemplated among count[ries] in the area only in the sh[ort] term until the projects h[ave] planned are on stream.

Mary Campb[ell]

Japan looks both ways

WHEN Mr. Takeo Miki, the Japanese Prime Minister, was preparing to go to Rambouillet last month for the six-nation economic "summit," he was conscious of the fact that his would be the only delegation from Asia and the Pacific.

One of the possibilities was that he might take to Rambouillet a programme for Pacific Basin development which would include a massive Japanese commitment to this goal comparable, in scope if not in volume, with the EEC's commitment to Africa.

The Ministries of Foreign Affairs and International Trade and Development produce a number of proposals, including an export earnings stabilisation scheme designed to cover the commodities of special importance to Asian producers, similar in some respects to the Stabex scheme operated by the EEC and its African partners under the Lomé Convention.

Memories went back to the various Pacific Basin schemes which were so much discussed in Tokyo in the 1960s, especially those of Professor Kiyoshi Kojima, the Hitotsubashi University economist, for a Pacific Area Free Trade Area (PAFTA) a Pacific Clearing Union, a Pacific Dollar and a Pacific consortium for South East Asian development.

Objections

In the end, however, the objections of the Finance Ministry prevented Mr. Miki from making any such splash at Rambouillet. At the Cabinet meeting held before Mr. Miki's departure to Paris his Foreign Minister urged an increase in Japan's official development aid from its present level of 0.25 per cent. of GNP to 0.35 per cent., but even that was vetoed by Mr. Masayoshi Ohira, the Finance Minister, because there was no assurance that such a pledge could be honoured.

Japan is, of course, the industrial and economic dynamo of the Pacific, and constitutes the hinge which links the American Far West with the Asian Far East. But there remains a stubborn refusal to accept any premature role in international finance of a kind that would threaten internal monetary stability or the balance of payments—in spite of Japan's present status with the world's third largest GNP after the U.S. and USSR, and the second largest foreign exchange reserves after West Germany.

And the political finesse for a more effective aid and development role in Asia is lacking, quite apart from the obstacles of remembered wartime hostility and the new image which Japan's businessmen have acquired in some parts of Asia as "ugly Japanese."

It was factors such as these which prevented Japan from hosting the headquarters of the Asian Development Bank, which in the end went to Manila rather than Tokyo despite the predominance of Japanese capital contributions and a Japanese President. Hence the paradox of the Pacific region's offshore finance operations gravitating to Hong Kong and Singapore rather than Tokyo.

The Japanese authorities are highly reluctant to expose their economy to the unpredictable winds of international speculation. They were the last of the industrialised nations to liberalise their capital controls, and even to-day there are important limits to the convertibility and overseas use of the Yen.

Although Japan now boasts in Daiichi Kangyo Bank one of the world's top ten commercial banks (and there are another five from Japan which rank in the top 20), petrodollars continue to be deposited with U.S. and European banks because of the Japanese lack of international experience. Furthermore, the role of the 50 or so foreign banks in Japan is tightly constricted and they handle only 1 per cent. of loans and 2 per cent. of deposits.

Only slowly is the Tokyo capital market developing a volume commensurate with the stature of the economy. Yen-denominated bonds began to be issued five years ago, and then in 1972 newly-issued foreign bonds were allowed to be sold for private acceptance.

Since then the painful moves to international financial maturity have been held back by the oil crisis and the recession, although in the long run Tokyo will inevitably emerge as a vital intermediary money market serving development needs in the Pacific Basin—and it is on this premise that foreign banks have striven so hard to get an early foothold there.

Japan's role as a banking and development centre for the Far East centres around its trade with South and East Asia, including China. This was valued at $29bn. last year, but the embarrassing fact was that Japan came out of it with a $900m. surplus. While there were very substantial trade deficits with Indonesia ($3.1bn.), the Philippines and Malaysia, there were even larger surpluses with Hong Kong, Taiwan, South Korea (each over $1bn.), Singapore, China and Thailand. Since these are all developing countries, Japan is highly vulnerable to the charge of not giving its poorer neighbours and good customers in Asia better access to its own market—a complaint made more loudly now with the impact on those countries of the Japanese recession.

Japan has for some years operated a generalised system of preferences (GSP) scheme as recommended by Unctad and

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PACIFIC CAPITAL MARKETS III

Hong Kong and Singapore

NOT LONG AGO, in times of world boom, a multitude of places began to lay claim to being important financial centres: "capital market," "regional banking centre," "regional financial centre" were vogue expressions bandied loosely about the Far East. Nowadays, when times are harder, a lot of the heady pretentions of the days of high growth have been exposed and two places stand head and *shoulders above the rest—Hong* Kong and Singapore. They are the only places in the Far East (Tokyo apart, and Tokyo has shunned an international role) with an international financial reputation.

Experts have tried from time to time to devise a list of the sufficient and necessary conditions making a place an important regional financial and banking centre. They would include a good location and communications base; educated and skilled local people, preferably with large numbers fluent in English; political stability; a sound currency; well-established capital and foreign exchange markets; a minimum of exchange and other controls and of taxation on offshore business. Some experts suggest that official encouragement is also an important factor to-day.

According to that list, or anything like it, Singapore and Hong Kong have a huge lead over the rest of the region. By the tokens of government encouragement and taxation (or lack of it) of offshore deals, Singapore scores over Hong Kong.

New buildings tower over the old by the Singapore River.

Check-list

Indeed the cynics used to claim that Singapore had a check-list of what makes a financial centre. Item by item, starting in 1970 with the Monetary Authority, it followed the list and set up its financial institutions—or so it was said. A few years back, for example, the check-list said "discount house," so Singapore decided to set up its own and experts were brought over from the City of London.

At this stage the scoffers were loud in proclaiming that Singapore was not ready for discount houses. But the four discount houses are to-day firmly established along with 66 commercial banks, more than 50 of them foreign, 21 merchant banks and five international money brokers. Singapore is also the centre for a $12bn. Asian dollar market, with more than 80 per cent. of the money being channelled into projects in the region. The Bank of America, the world's largest, has set up one of its three multi-currency units in Singapore. The others are in Panama and London.

In its desire to improve competitiveness and efficiency the Monetary Authority of Singapore earlier this year freed the banks from their cartel, allowing individual banks to charge their own interest rates. It also gave the go-ahead for banks to issue negotiable certificates of deposit in local currency.

By comparison Hong Kong has resisted the temptation to bring radical change to the banking system. Hong Kong has 74 licensed banks, but only one — Barclays — has been licensed since the mid-1960s and there are about 50 other foreign banks in the colony, many of which would dearly love to get a toehold in Hong Kong's domestic market. There *was a lot of talk of licensing* new banks more than a year ago but under pressure from the old-established institutions like the Hongkong and Shanghai Mr. Philip Haddon-Cave the colony's Financial Secretary, decided that the poor world economic climate was hardly the time for radical moves.

The colony has also refused to remove the 15 per cent. withholding tax, a tax which impedes the growth of an offshore market like the Asian dollar market.

But bankers in Hong Kong would reject the notion that that would mean that the colony must yield place to Singapore *as a banking or financial centre.* Much of the money in the Asian dollar market, they point out, comes from Hong Kong. Some quarters in Hong Kong regard Singapore as an arrogant and immature upstart.

Backing this up, they can add that the colony's financial institutions have a greater overall depth than those of Singapore. Turnover on the stock exchanges of Hong Kong is several times greater than those of Singapore and Malaysia combined.

The Haw Par affair illustrates how vulnerable Singapore is. By the standards of the region or even of Hong Kong Haw Par is only medium-sized, but in Singapore Haw Par is one of the top 15 companies and after the big banks was the one with the largest turnover on the stock exchange. Moreover, Singapore still has emotional hang-ups about the original sale of a locally owned Chinese company to outsiders like Slater Walker. It is doubtful whether such an attitude would be allowed to surface in competitive Hong Kong.

Both Hong Kong and Singapore, of course, have been dependent on foreign money and investment both to provide new jobs and to improve local technology. Singapore has for some years been strong enough to invest abroad, and Singapore-based investors are the largest foreign investors in Malaysia. Nevertheless, Hong Kong probably has a wider range of local business enterprise—and much wider if the long-established hongs like Jardine Matheson are counted as local. Jardines has a large subsidiary in Singapore involved in a variety of businesses from trading to oil exploration. *But even Hong Kong has con*stantly to try to attract new foreign capital into the colony.

Both places have earned good reputations for economic growth. Indeed, a few years back Lee Kuan Yew, Singapore's Prime Minister, boasted that his country was, the only developing country in the world that was actually developing. But when it comes to analysing the connection between banking and financial expertise and overall development, there is a caveat that Hong Kong and Singapore are atypical both of the region and of all developing countries. Alone in the Far East Singapore is a city-State with no large rural hinterland. Hong Kong also is largely urban with its population of 4m. packed into a few hundred square miles.

Both territories are easier to regulate than most independent countries. The fact that they are virtually single conurbations of course makes it easier for the Government flat to run unimpeded. In addition, the colonial structure of Hong Kong means that the Government does not have to worry overmuch about opposition—if the Hong Kong Chinese do not like life there they can migrate to China: Singapore does not worry too much because it is almost a one-party State.

Compensation

Both Hong Kong and Singapore are run along strongly laissez-faire lines and when the hard times come the people have to grin and bear it. In Hong Kong there is no alternative: workers have to take a cut in pay or lose their jobs, and officials say the compensation is that when the world trade picks up the Hong Kong workers will be the first to pick up the benefits.

In Singapore the Government has drummed it in to the people that in this life nothing is for free and that when world trade slumps there is little to do but for everyone to pull in his belt. However, this policy has been tempered somewhat by some Government pump-priming, though not without strenuous orthodox Finance Ministry opposition.

The record of Hong Kong illustrates the tensions between the interests of the bankers and businessmen on the one hand and those of the masses. Sir Murray MacLehose took over as Governor four years ago with reforming intentions, determined to spend money on improving health, education and housing for the crowded Chinese.

Expatriates and the wealthy Chinese were horrified by such zeal. From their spacious homes atop the clear air of the Peak or watching the sweep of Repulse Bay, or nestled in the old charm of Stanley village, all far removed from the dingy tenements piled hugger-mugger giant rubbish tip high on Kowloon: over their prolonged executive lunches, far from the snatched bowls of soup in ten or 12-hour crowded factory shifts, they saw disasters. Social spending meant more bureaucratic interference or higher taxes, slippery slopes which Britain had trod to indiscipline and ruin. This year, when the Government deficit had been trimmed and financial *orthodoxy restored, one senior* official told me: "The Governor is settling in."

Tax rates in the colony have remained at a flat 15 per cent. for some years. For the past two years there have been warnings that they might go up, a device to get business acceptance of higher rates and prevent a mass exodus or shortfall in investment, but with the recession the financial secretary dared not risk a rise. Even in good times, informed opinion in the colony thought that a jump to 20 per cent. would be too much for the colony to bear.

Singapore's social performance is impressive by comparison *with Hong Kong, or indeed* anywhere. The island republic has the best housing record in Asia: its per capita earnings are the highest in Asia after Japan and there is not much unemployment; the spread of industry is wide—this is a performance the more noteworthy when Singapore appeared to have little to offer apart from a good harbour at the time the British left.

Yet all this has been accomplished at great cost in personal freedom. In some spheres there is evidence that the Government panicked. This includes the much-vaunted housing, where Singapore is finding that there is a cost in social unrest and *hooliganism from trying to pack* half its population like sardines into high-rise flats. In Singapore, as in other places throughout the Third World, there is a vast gulf between the elite and the masses. Other critics also allege that although Singapore has higher tax rates—40 per cent. corporation tax when tax holidays up to 10 years have been exhausted—it is too heavily dependent on foreigners for its expertise and progress.

Officials in both the colony and the island republic would say that foreign investment was essential and that to attract it wages must remain "competitive," that is lower than in neighbouring countries. This opens a wider point of whether this means that if Hong Kong or Singapore gains then Indonesia or India, with poorer people and more intractable problems, loses.

Kevin Rafferty

Japan

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plemented by the EEC. This benefits all South East Asian suppliers to the Japanese market, although it does not extend to all manufactured articles. And Japan also operates a foreign aid programme which used to be the second largest after the U.S., but which last year fell below the German and French levels. The 1974 total was almost $3bn., a decline of almost half from 1973's figure of $5.8bn.

The reason for the fall is that private investments and export credits are included, under standard OECD procedures, and they took a dramatic tumble. Official development assistance (ODA), which is the Government aid, in fact increased by 11 per cent. in 1974 to reach $1.1bn.

The largest share of this aid and investment programme goes to developing Asia, and the typical situation for the countries of that region is to find that Japan is now their largest foreign investor, largest export market, largest supplier and largest aid donor—accounting for anything between a quarter and two-fifths of the global total in each case. This fact alone creates a political backlash in terms of local nationalism, manifested *from time to time in boy*cotts of Japanese goods or demonstrations against Japanese businesses.

Japan was unlucky enough to build its counterpart to Britain's Colombo Plan in the form of an organisation—the South East Asian Ministerial Economic Development Conference — in which Taiwan and South Vietnam were founder-members. The result was that it entirely lost credibility and usefulness once the Vietnam war was finished and relations with China normalised. Somehow a new regional structure has to be forged, and this will not be at all easy.

Japan can also legitimately claim to be a bridge between the two sides of the Pacific Basin, not only in the obvious sense of dealing as much with the U.S. and Canada as with East Asia, but in the less well-known sense of investment and commercial links with Latin America. Trade with this area reached $7.8bn. last year, or more than 7 per cent. of Japan's global trade and 10 per cent. of Latin America's. Despite recessionary conditions, it climbed by some 40 per cent. *in the first half of 1975.*

In recent years Japan has been responsible for about one-third of the off-take of Latin American raw materials, while supplying almost half of its steel imports, reflecting the Latin desire to diversify away from dependence on the U.S. as both market and supplier. Japanese private investment in Latin America fell to $699m. last year after its record high of $822m. in 1973.

But 1974 was also the first year in which Latin America equalled Asia as a recipient of Japanese investment, and the cumulative total is now $2½bn. (against $3bn. in Asia). Japan *intends to join the Inter-*American Development Bank next year with a $180m. contribution. The attractions, of course, are raw materials, Japan's political acceptability in the area and the presence of Japanese immigrants (in Brazil the Minister for Energy is of Japanese origin).

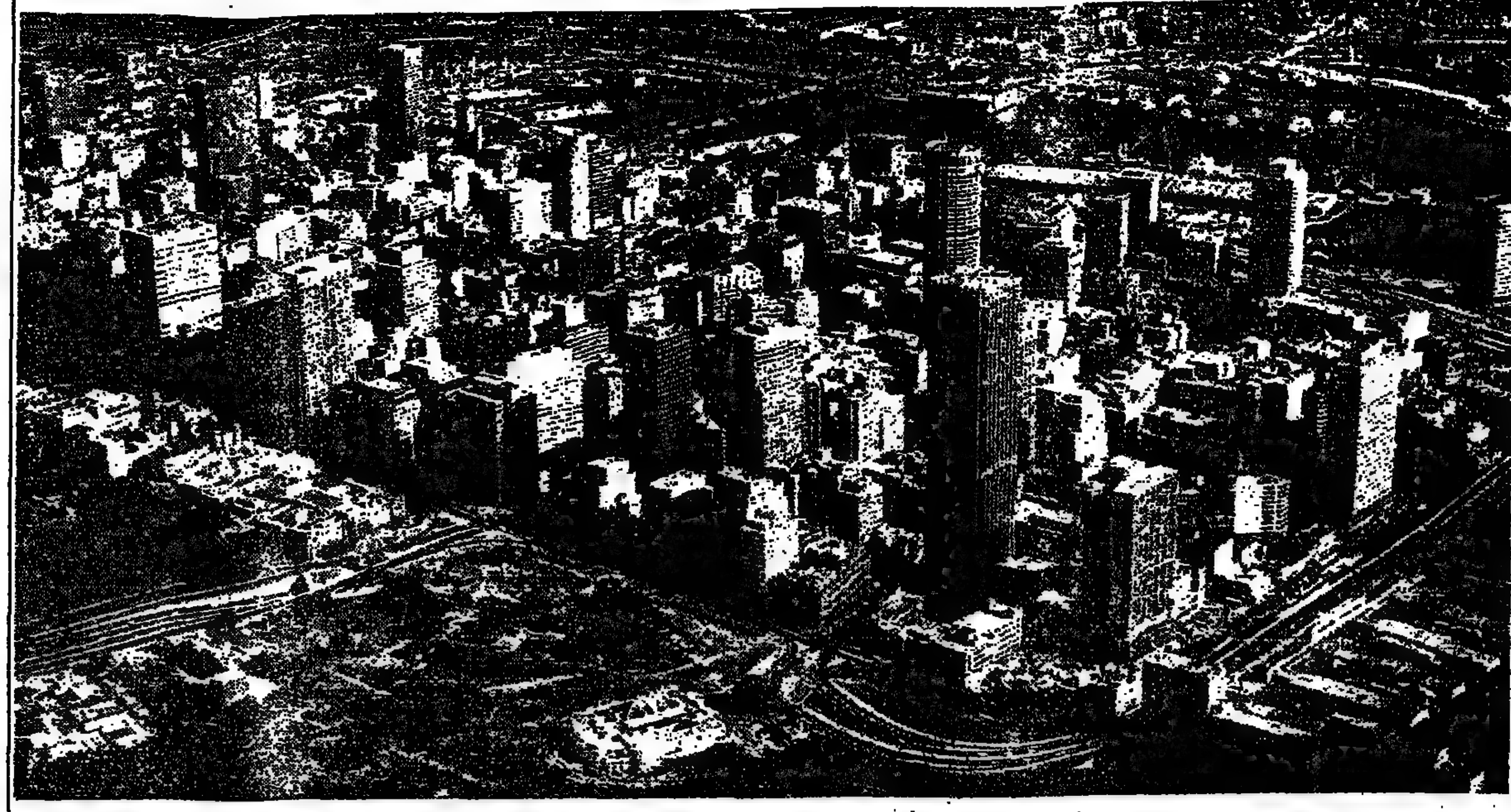
Tokyo was delighted when President Juan Echeverria of Mexico chose Japan for his first official overseas visit. The Japanese Prime Minister visited Mexico and Brazil a year ago, and while the President of the Japan Chamber of Commerce and Industry led an economic mission to Argentina, Uruguay and Paraguay this summer, Vice-Premier Takeo Fukuda visited Venezuela and Brazil.

He reaffirmed Japan's intention to proceed with the giant $3½bn. Amazon River aluminium plant in spite of private reservations about the wisdom of duplicating the Asahan aluminium scheme in Indonesia. That was a measure of the strategic importance Japan places on Brazil. In Venezuela Mr. Fukuda secured the promise of a stable supply of oil.

Japan does indeed look both *ways—westward to Siberia,* Korea, China and South East Asia, and eastwards to North, Central and South America (as well as southwards to Australasia). If the heavy wraps of protectionism continue to be peeled off once economic recovery sets in, then Tokyo will surface as a financial centre for its region comparable to those in Europe.

Dick Wilson

PACIFIC CAPITAL MARKETS IV



The central business district of Sydney.

Troubles down under

THE ELECTIONS in both Australia and New Zealand have in recent weeks introduced a marked degree of uncertainty into prospects for the banking systems of both countries in the coming year. Mr. Robert Muldoon's new National Party Government in New Zealand campaigned heavily against its predecessor's policy of borrowing heavily overseas to insulate the economy, so far as possible, from the international recession. The results seem bound to mean a much tighter money policy in the New Year.

The Australian elections have produced a somewhat similar outlook, with the likelihood of a need to resort heavily to monetary policy to dampen down another threatened take-off in inflation. The banks have developed a far greater resilience in coping with such situations in the past few years—an enforced development, perhaps, but one which evolved with surprising speed after such a long period of calm and virtual non-competition.

The past year has seen the development of the first really significant competition between the Australian banks since the last of the rationalisations which produced the present structure of the industry (seven major trading banks, each with their savings bank operations, plus the smaller-scale Bank of New Zealand and Banque Nationale de Paris and a handful of banks limited to one-State operations).

That structure is now so firmly entrenched that, for practical purposes, it could be regarded as permanent. The tightly woven web of supports and obligations between the banks and the Government makes a failure virtually unthinkable, while from the other direction, the major political parties share a common view that the field is closed to new entrants. On the latest figures, the total assets of all Australian trading banks was $A19bn., and the big seven accounted for $A17bn.

The Australia and New Zealand Banking Group made a decisive break with past practice in March, with reduced interest rates on most loans and deposits below $A50,000. The overdraft rate went down 0.5 per cent. and housing loan interest by between 0.25 and 0.5 per cent. The rate for interest-bearing term deposits fell by as much as 1 per cent. Previously, it had been the almost invariable pattern that the reserve bank would alter rates for the system as a whole.

The dividing line between formal and informal pressure to conform to the old system was blurred: if one of the major banks had wanted to break away it probably could have done so without risking retaliation. But the issue was put beyond doubt by the introduction from February of the strengthened Trade Practices Act, which decisively transferred any risk away from competition and squarely on to any suggestion of collusion.

In addition, the Government has been anxious to strengthen the position of the formal banking system vis-a-vis the "fringe" banks which proliferated so spectacularly over the past decade. The foreign investment policies of the major parties before the recent Australian elections left no doubt that the growth period was over. Both sides promised very firm discouragement of further investment in what they regarded as an already over-large area of activity. Although the motives for such attitudes were clearly to strengthen the Government's position in economic management, the banks naturally have welcomed the results.

The Whitlam Government began the encouragement of active banking competition last year when it approved the introduction of certificates of deposit at competing rates of interest. The start of the scheme coincided with the Government's massive reversal of money supply growth—from 17 per cent. to a negative factor in the space of six months—and was hardly auspicious. At least two of the majors were reported to have burned their fingers badly and been forced to approach the reserve bank as lender of last resort for funds to maintain their statutory liquidity ratios. Such funds carry interest rates at a penal level and engendered a degree of caution in the rest of the industry's reaction to the ANZ action in March.

Formalise

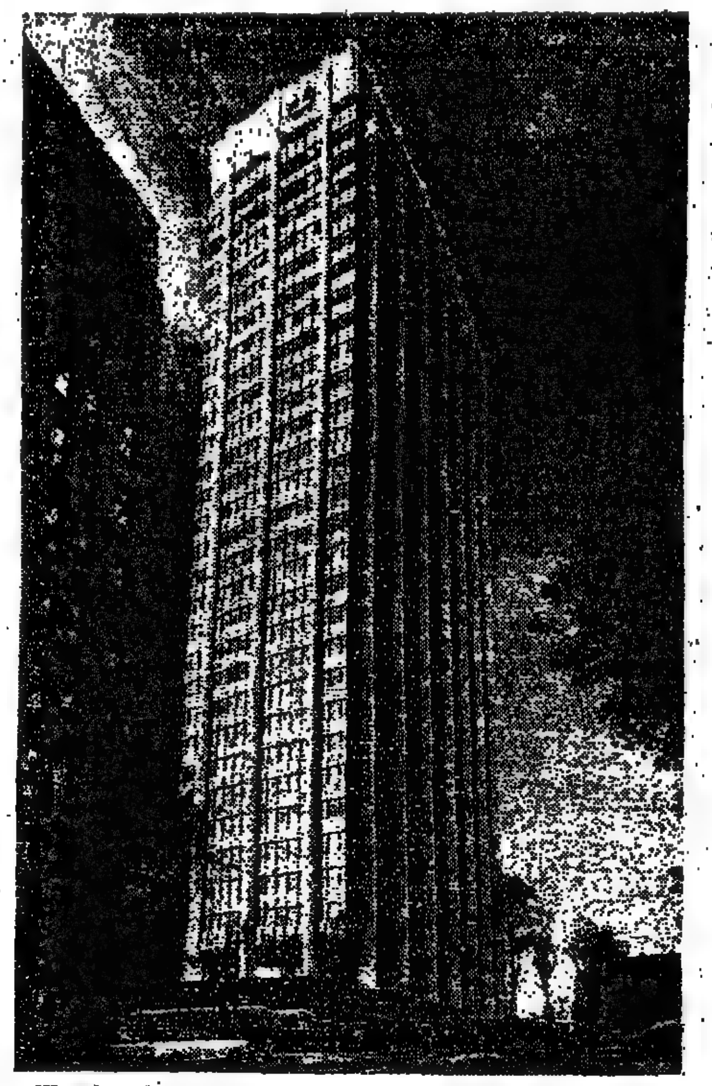
Significantly, however, the Government-owned Commonwealth Trading Bank was the first to follow suit, with enough of the others tagging along to formalise the new system of competition. Statistics within the past three months have also shown that, despite their experiences with certificates of deposit, the banks have moved very strongly into commercial bill acceptance and endorsement bill discounting. Outstanding certificates of deposit totalled $A1.1bn. last August, compared with $A2.6bn. a year earlier. But the banks acceptance/endorsement limits outstanding rose from $A1.1bn. in January, 1974, to $A2.3bn. last July.

The reserve bank regards this as a significant change in the overall pattern of domestic financing, though it has yet to say much about the effects on such commitments of any liquidity crisis. It was the unexpected severity of the credit squeeze last year that caused the banks problems with CDS. Many of the same calculations apply in their new field of activity in the event, for example, of the failure of a major company with bank-endorsed bills in circulation.

The banks have also been diversifying in other directions, notably insurance and hire purchase, where the latest entrant is the Commonwealth Bank, previously excluded by its Government charter. But the banks are also well pleased with their combined venture into retail credit through Bankcard, launched just over a year ago with a distribution of 1.5m. cards in Sydney, Melbourne and Canberra. It is now estimated that about 500,000 of that original issue are in regular use, giving what is claimed to be the biggest acceptance rate in the shortest time for any country. Profits on the scheme are still some way off, but detailed statistics to be released shortly will confirm, according to the bankers, that progress is "very satisfactory."

The most startling area of potential innovation in Australian banking history was discussed in agonising detail but did not eventuate last month during the Government's financial crisis arising from the blocking of the budget by the Senate. The banks were called to secret talks with the Treasury on means of providing buffer action for their customers if the Government was unable to pay suppliers or employees. What was actually agreed, or not agreed, at those talks remains largely a close secret. In the end, the issue was averted by the dramatic political events which saw the dismissal of the Government and Saturday's elections. But given that experience on top of others in recent times, the bank's equanimity about their capacity to handle the immediate future can well be believed.

Kenneth Randall



The head office of the Bank of New South Wales in Sydney.

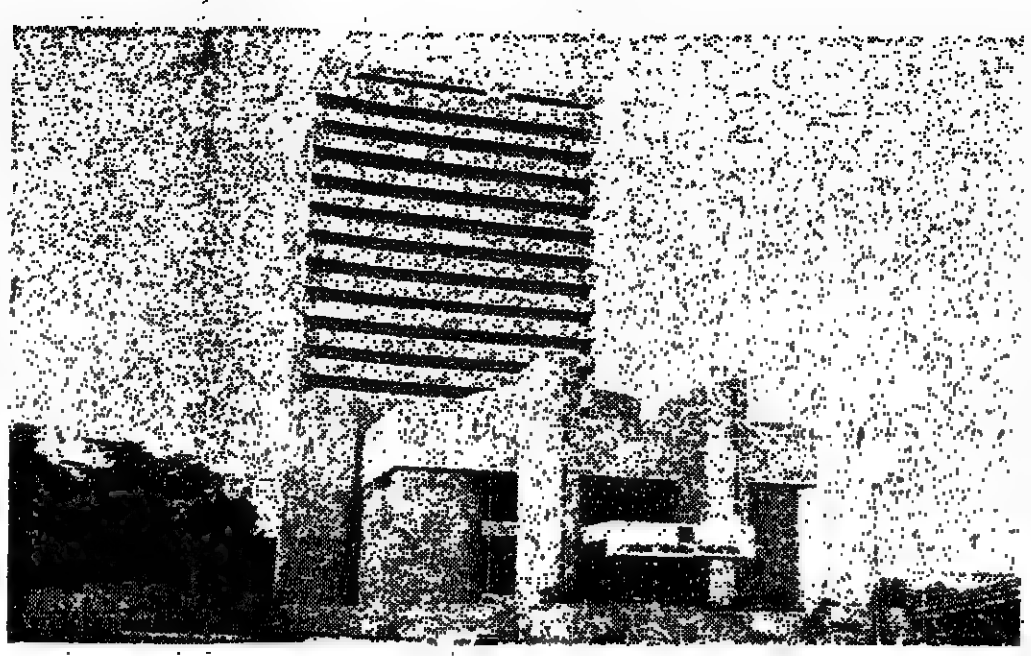
PACIFIC CAPITAL MARKETS V

Strong nerves needed in South East Asia

HE "DOMINO" theory" reamed up by Mr. John Foster ulles (under which all of outh East Asia would eventually topple over and bow own before the might of Communism) is a myth—everyone f note in every country of outh East Asia agrees. But veryone has become increasgly nervous after the fall of he Nguyen Van Thieu regime Hanoi.

What are the Communists intentions? Where might they try strike next? Who are their upporters and to what extent ill they be prepared to upport? Can capitalism survive Asia? Can it provide a decent fe for all the teeming masses? r will Communist pressure and e new capitalist and Western ncertainty bring down a few ore Governments? These are st some of the questions, and one seems to be answering em with any certainty.

It has not been a good year r those opposed to Communism, and the world receson has hardly helped. It and e twitchy aftermath of the etnam war have increased the certainties in each of the uth East Asian nations.



The Bank Negara headquarters in Kuala Lumpur.

Indonesia

Indonesia should be the best aced of all the countries in uth East Asia. It may to-day the worst performer. It ould be the success story bese it has oil: it has many er riches, most of them waitfor development: it has a ming local market and a vernment receptive to eign capital; it is furthest m the scene of the Indoina conflict and separated by seas; it has "political staby"—at least to the extent t the Government is liable to ruthlessly to anything it s as an attempt to underne it.

ndonesia's situation is especiy bad because it is still sortout the problems of tamina. Pertamina, the State company, was the star permer which overnight became star liability when it ealed huge debts amounting several billions of dollars. tamina was much more than n an oil company. It had ters in practically every le commercial type of ven. It attracted Indonesia's ihiest young men. It was d (is) run by a trusted eral almost as powerful—if equally so—as the President.

ertamina's crash illustrates pitfalls of trying to bring ut development in a country so many of Asia's typical lems. The recession merely ed in the strain by cutting any spare fat. Timber es fell. Even oil production pped as prices rose fourfold. cover, Japan began to turn hina for some of its oil sup. For the rest, Pertamina's s were the result of a mixof political and economic d, over-ambitiousness and sheer lack of both proper unting or accountability.

upporters of Indonesia may that it is too easy to exagte the importance of the amina crisis. The country ains an attractive market. a few weeks ago the EuroAsian Bank consortium ed new offices in Jakarta. y of the world's big bank es from the Bank of rica downwards are repreed in Jakarta in tower ks craning to the sky much they do in Singapore and g Kong. For all their sup- d "low profile" after the Tanaka riots in January last the Japanese in 1974 planto invest another $600m. in nesia, bringing their total ned investments to more $1bn Whatever happens nesia will be a fruitful ket and magnet for business local and foreign; after all n people growing by ral millions a year) have to drink and live, and Indoa is potentially rich.

owever, the repercussions of Pertamina crisis are conng to absorb energies parlarly at the highest levels late. More than 15 months for example Indonesia had ine plans for the setting up capital market. Several big tinational companies like lever had urged this upon authorities and the scheme said to be only "weeks y." It has still not been ounced. Foreign banks and inesses which have shown trest in Indonesia complain network of controls and the er difficulty of getting a decin. Facilities like telephones poor.

Pertamina has played havoc with the public sector of the economy. It has also ruffled a number of political feathers and provided a test for President Suharto. He is said now to be firmly in control, but decision making will probably be slower. Besides the decision about the capital market there are important questions outstanding as to how much foreign investment and how much foreign control there should be of joint venture companies. Several important members of the Indonesian high command believe strongly that foreign companies need pushing to do more for the Indonesians and extra weight will have to be given to these views.

Thailand

Thailand is physically closest to the Indo-China war theatres. Communists have alleged that it was itself a theatre of war as U.S. operated aircraft from bases in Thailand. Gunboat chases and exchanges of fire across the Mekong with Laos in recent weeks cannot have done much to increase business confidence that Thailand would live in peace with its Communist neighbours.

But the delicate sensitivities of bankers and businessmen have been more unsettled by events nearer home. Thailand has had plenty of its own teething troubles trying to restore democracy, especially at such a time of world recession. There have been a series of damaging strikes as workers have tried to put pressure on the Government: postmen, busmen and even police, who at one stage burst into the Prime Minister's home, have each demonstrated.

As a result of this and the difficult world trading conditions, business has been marking time. Little has been felt of the impact of the first public stock exchange set up late last year. Investment decisions have been postponed and foreign investment this year fell sharply.

When I was in Bangkok last month an executive of one foreign company told me that it was taking a "wait and see" attitude. It had drawn up investment plans more than two years ago but then student riots had over-thrown Thailand's military strong men rulers and brought about a period of prolonged uncertainty. Anti-Japanese outbursts and the world recession have made things that much worse. This businessman confessed that if a military or strong Government came to power again in Bangkok it would at least "clear the air" and restore certainty.

At this point there is a real clash between the interests of stability and business prosperity and those of bringing development to the masses. During the days of the military rule of Marshal Thanom, there was stability, hardly any strikes and respectable growth. But at the same time, the military could not get on top of revolts and insurgencies in the north, northeast and south of the country. Bangkok indeed prospered but the gap between it and the rest of the country widened. What the present Government of Mr. Kukrit Pramoj has been trying to do is to keep the strong entrenched interests of Bangkok, army, civil service and rich especially Chinese, businessmen happy while trying to do something to restore the balance and lay the seeds of development in the area outside the Bangkok metropolis. Political observers think he has been performing brilliantly, but only when the world economy picks up will it be possible to judge Thailand properly.

Philippines

The Philippines has not been directly affected by the aftermath of the Vietnam war, though the fall of Saigon produced a rash of nerves, and President Marcos talked of closing the American bases. The Philippines' main worry has been rising prices of its oil and manufactured goods imports together with the falling prices of its export commodities. This has produced a huge balance of payments problem.

Again there is much marking time in regard to development. President Marcos has promised "a New Society"—which has been highly praised except by political opponents who have been imprisoned. Foreign investment will have a large part to play and the Government is anxious to set up a financial centre which will have regional importance and may soon rival Hong Kong and Singapore. Under 1973 regulations foreign banks have been allowed to invest in local banks in an effort to boost the local expertise and sophistication. So far more than $50m. has been pumped in and more than a dozen international banks are represented.

The next step will be permission to foreign banks to engage in offshore activities and this is expected soon.

Politically, President Marcos looks secure, and has won support for ending the old "cowboy society." He received an overwhelming majority in his referendum early this year: he also won his duel with his old rival Senator Aquino, who had threatened to fast to the death in prison but then gave in. The Muslim rebellion in Mindanao is still going on but is not causing as many problems as before. However, President Marcos rules to a large extent by fear. Other leaders have discovered that this can lead to greater dangers. If you travel in the areas outside Manila, you quickly realise the contrast with the high life of the capital and see how difficult it is to make a living in remote rural areas.

Malaysia

Malaysia was full of the highest hopes two years ago, of being the fastest growing nation in Asia, of rivalling Singapore as a financial and banking centre; now these hopes are tempered with doubts.

There are the doubts the recession has produced, of course, but Malaysia is still showing respectable positive growth. At one time when it was dependent on rubber and tin for its earnings a world slump caused no end of trouble, but to-day Malaysia has a wide spread of commodities, tin, rubber, timber, palm oil, and is even a net exporter of oil.

There are doubts about a resurgence of terrorism. The Communists hiding in the jungles have recently become emboldened enough to launch attacks in the capital, Kuala Lumpur, itself. But, even so, the scale of the attack is nothing like the 1950s during the Emergency.

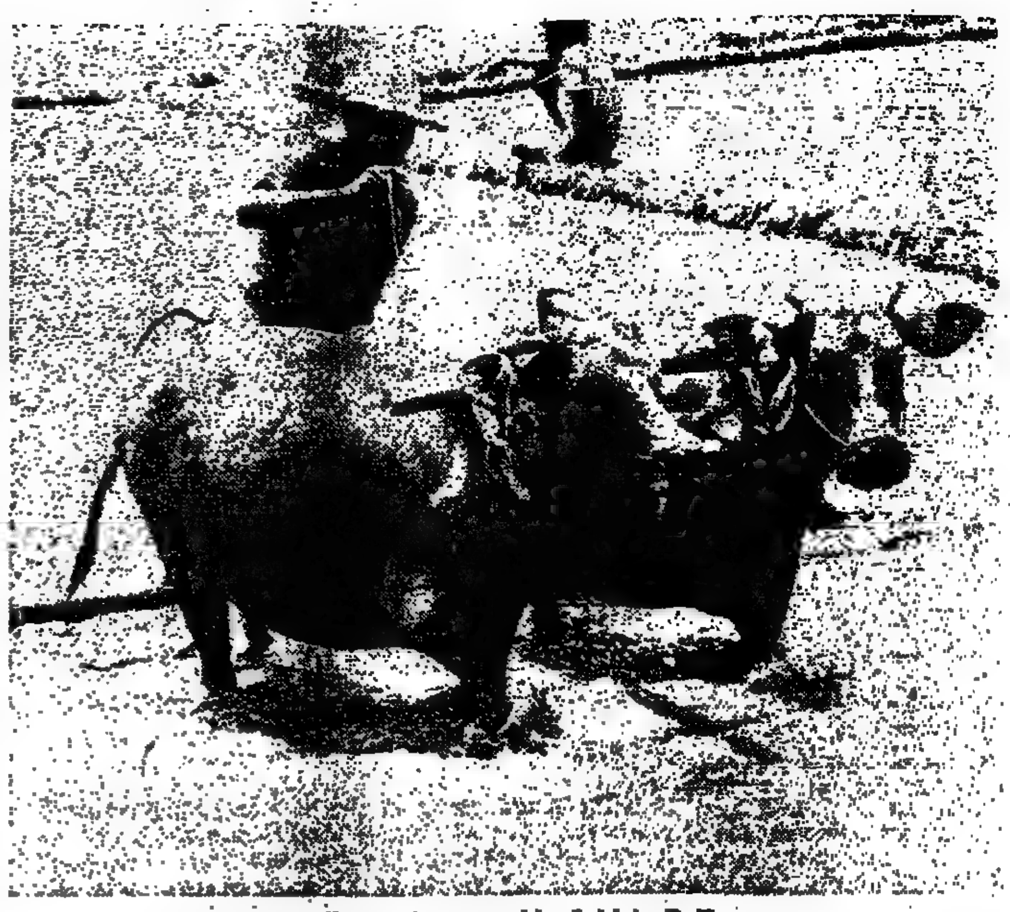
The biggest doubts concern the Government's plans to boost the *Bumiputras*, the Malays, who have always lagged behind the Chinese and foreigners, particularly in the important areas of business and banking. There is no objection to the plans themselves—indeed it is vital to all the Malaysians that the Malays should not be left too far behind —it is the method of implementing them.

The *bumiputra* policy has become part of the Malay political football, with one politican trying to outbid another. As a result foreign companies have claimed that they have had difficult negotiations especially in getting work permits. Malaysia may be the loser in this. One large Western bank in Kuala Lumpur for example succeeded after long arguments in getting permission for two of its nationals to work in the Malaysian office: yet the Singapore branch of the bank had nine foreign nationals, a much larger local staff and a much wider and more sophisticated range of operations. Partly this is because in spite of the recession Singapore has continued to grow and improve its financial facilities, but at one time Malaysia thought that because it had the raw materials it would be able to rival and beat Singapore even as a financial centre. If it still does, it must show more flexibility.

There are signs that the Malaysian Government is trying to correct things. In October it held a big seminar at which the Prime Minister said that Malaysia was anxious to encourage foreign investment. More than 250 businessmen, half of them bankers, attended the sessions, showing that there is no lack of foreign interest. But afterwards many of the participants complained that the different ministries were saying different things.

Kevin Rafferty

The vicious circle of poverty



Preparing a paddy field in Bali.

THE OLD man rummaged through the heap of rubbish, but took nothing from the pile except a dirty bottle and then trudged away—his objective another stinking rubbish tip yielding more bottles.

I watched him on and off all day engrossed in his messy task. For Ibrahim, it was his way of life and of staying alive. At the end of that day he had made Rupiah 350 (about 40p) by selling the bottles at a central collecting point; Rupiah 300 was enough to keep him, his wife and son alive. It would buy me no more than a cup of coffee at the nearby Hotel Indonesia. Ibrahim proved not to be as old as he looked; he was in his mid-thirties, but he was not sure of his birth year.

This was Jakarta, capital of Indonesia. Not 50 yards from where I met Ibrahim the traffic was screaming down broad highways, past the towers of business, towards the massive National Monument, 400 feet of gleaming Italian marble topped by a "flame" coated with 35 kilos of pure gold. Monstrous monuments all, but tokens of the rich progress of modern life.

But progress is not for all. Where I had been no one had proper rainproof cover for home; most lived in single-room affairs which squatted uncomfortably in the mud. The main road here was not the concrete strip to the Monument but a bit wider stretch of earth than the sidestreets and a bit muddier stretch, too, because of the constant passage of feet and vehicles.

In spite of the promises of great growth and the rich treasures that Indonesia has—oil, gas, timber, rubber, and minerals galore—it is likely that poor Ibrahim will have to sit out the rest of his days where he is. He came from central Java 18 months ago because he had no land, no job and no prospects there. He narrowly escaped being picked up by a police lorry and dumped outside the city boundaries, the best way the authorities try to stem the immigrant tide into the capital. He is still a non-person because he has no identity card.

Division

Ibrahim explained that he only collected bottles because it was easier to handle one commodity at the central depot. There is also something of a division of labour. Other ragpickers collect only clothes, or only paper, or only tin cans. On a very good day a man can make Rp.500, giving him something to save, enough to hope. But usually there is some community demand, someone who has lost a husband or fallen on really hard times, that it is difficult to retain savings. Only the very hard and the mean can climb out of the slum.

What connection has Ibrahim—and thousands like him—with a survey of banking and development of the Pacific region? Everything. A few of the people of the area are involved in high finance and high politics, as outlined elsewhere in this Survey. But they make up a thin sliver of the total society, perhaps 5 per cent. Apart from Japan, Australia, Singapore, and possibly Malaysia, the rest of the countries of the Western Pacific are poor countries with per capita incomes of £50 a year upwards—260m. people out of 400m. belong to the poor countries, and 1,185m. out of 1,325m. if the Communist countries are included.

How many people are right at the bottom like Ibrahim is difficult to assess. But they are there in every major city of the Third World, and it is unfair to single out Jakarta or Indonesia. Every nation of Asia, even bountiful Malaysia, has its pressure on land, food and jobs in the countryside which drives people to the cities to swell the problem. Half of the people in the poor nations of the world live in conditions which would cause an outcry in Britain if dogs had to suffer them.

Assessing the perspective for the next 20 years is difficult, given the fluid political and economic situation on the western rim of the Pacific, but three points can be made. In 20 years' time there will be nearly twice as many people in the developing countries as there are to-day; the poor countries of Pacific Asia are rich by the standards of, say, the Indian subcontinent or developing Africa; the last 20 years have not been a good advertisement of hope for the 20 to come.

Breaking out of poverty will be difficult. Take the question of population for example. It is essential for the well-being of the developing countries and their peoples that the rate of population growth should be reduced. Yet it is all very well for comfortable people in the West to berate the poor, but what incentive is there for the Ibrahims of Pacific Asia? To them, another child is another pair of hands to collect and sell the rubbish of the streets, someone to look after them when they fall sick, perhaps the dream of someone who may make good and penetrate the world of the expensive cars that race past every second.

To develop their resources the poor countries need aid, technical collaboration, much more trade to create new industry and jobs, and a much greater attention by their own Governments to rural affairs and the problems of their poorest people.

It seems a simple prescription, but it runs into a series of vicious entanglements. Aid, for example, is not popular in the West because, it is alleged, a lot of it is spent on wasteful prestige projects to boost the names and reputations of leaders of the country or, worse still, fills their corrupt pockets or those of their family or the bureaucrats around them. International companies also sometimes complain that no sooner have they struck a fair deal with a poor country than shifty politicians will turn back on it and try to tighten the screws because it suits their political reputation to be seen bashing foreign companies.

It is often difficult to defend the behaviour of the leaders of the poor countries. One after another they have proved Acton right when he said that all power corrupts. Dictators or "strong men" or "popular leaders" or whatever euphemism they use under capitalist systems, have found it easier to cater for their own households than to attend to the basic needs of their poor masses. (In compensation, they have usually left the poor free to think what they liked—for whatever that is worth to a hungry man.) Communist dictators have been better at feeding the body but have also drilled the minds of the poor to a common mould.

There is little an outsider can do to interfere in the internal affairs of independent countries but perhaps the answer is to give more aid and more trade opportunities so that the masses get jobs and become aware of their plight and can have some hope of doing something about it.

Hypocrisy

Moreover, the hypocrisy of the poor countries has been more than matched by the hypocrisy of the rich. The rich have given "aid" (much of which has to be repaid) often as a bait to sell their own industrial goods. The total aid has risen more slowly than inflation, whereas the price of manufactured goods from the West has more than kept pace. In addition, the rich have frequently ganged up in world organisations like Unctad to prevent poor countries from getting trade concessions vital for providing jobs. Outside the Pacific area, India and Bangladesh could tell how the world jute market, their life blood, has been drained for the benefit of a few thousand French and Belgian jobs. In the Pacific area, Hong Kong and Taiwan can tell many stories about the difficulties they encountered in securing export markets for their textiles.

With their pressing needs to get the best profits, international companies have also often deserved a bad reputation in the poor countries. Too many have gone in for quick gains and not worried overmuch about the feelings of the local people. Banks too, both international and local, have quite failed to penetrate the world of the really poor. Go down to the villages and there, in the grinding poverty, money lenders flourish and charge extortionate rates of interest. The hard work of the poor peasant is not sufficient security for the bankers to accept.

Tolerable

Does it matter about helping the poor in the developing countries to some kind of tolerable life? They are, after all, far away and too poor to do any harm. It might, if the resource-rich countries of South East Asia got together to f[...] a rubber cartel or a tin ca[...] and squeezed the rich indust[...] nations. It might matter mor[...] Moscow or Peking managed [...] win the backing of the p[...] countries and put West[...] security and freedom of in[...] national sea routes in dang[...] Positively, greater concessi[...] to the poor could increase t[...] world trade and provide m[...] for everyone, rich and poor.

On another, more hum[...] plane, it is a waste of gr[...] energy to see people li[...] Ibrahim producing childr[...] whose ingenuity and hard wo[...] will be exhausted shuffling fr[...] one rubbish tip to another [...] search of goods that even t[...] ordinary poor have exhauste[...] Having spent a day watchin[...] them, I can say that there [...] great talent and intelligenc[...] being wasted.

Kevin Raffert[...]

The Executive's World

James Ensor describes the CEGB productivity drive

Efficiency in power

THE COST of electricity has soared in the past couple of years, driven up by rapid inflation in fossil fuel prices. Yet this price inflation masks a surprisingly successful productivity drive mounted by the CEGB. Since over half of the cost of generating electricity is fuel and up to 80 per cent. is outside the Board's direct control in spending on interest, depreciation rent and rates as well as fuel, the greater efficiency of the power station men cannot have an enormous impact on the price. If the coal miners and railwaymen on whom so much of the cost of electricity hangs, achieved the same increases in productivity, electricity would be far cheaper.

In the past eight years, the average number of employees in the electricity industry per MW of output capacity has decreased from two to just over one. During a period when electricity output has risen substantially, the Board was able to reduce its total employment from 80,000 to 66,000.

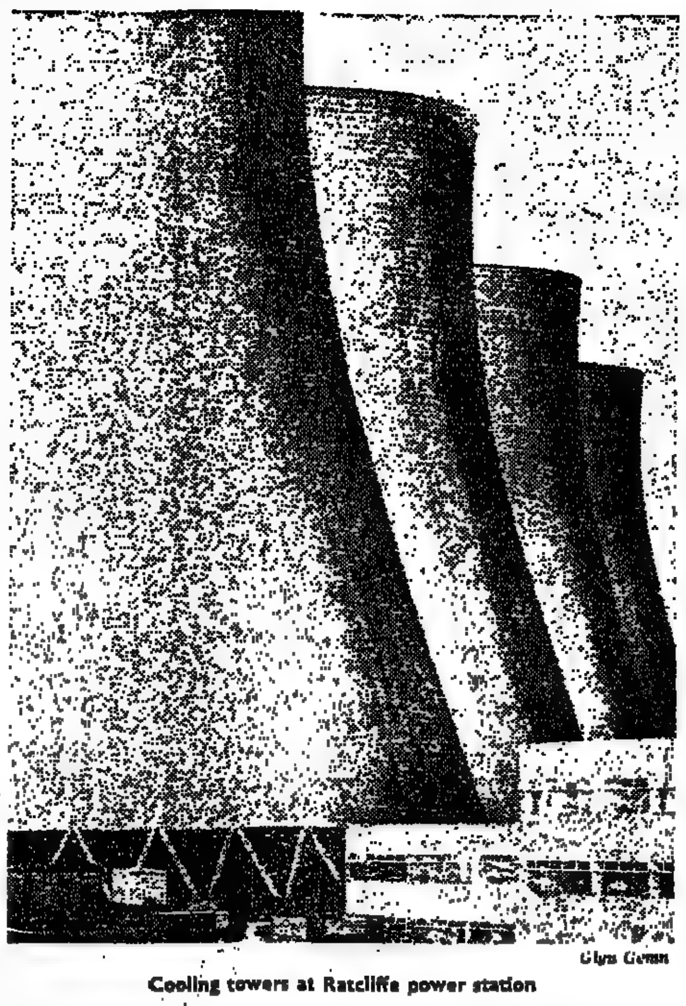
Some of the gain, of course, has come from the commissioning of the big new power stations of 2,000MW and the phasing out of a few of the old, small municipal stations. In the Midlands Region, for instance, a coal-burning area, four new power stations have come on tap during this time and one small station has been closed. The 2000MW station, such as Ratcliffe-on-Soar require only 527 industrial staff, working in around-the-clock shifts, to keep them going: whilst Little Warwick, a 30MW station, which was closed, needed 57 industrial staff. Thus the new, mammoth stations are eight times as productive in manpower terms.

Efficient

But, a more important part of the gain in productivity has been derived from a more sensible and efficient use of the men at existing power stations. In a coal-fired station, roughly half of the total employees work on maintenance, doing the routine stripping and servicing of the huge generators and turbines, as well as cleaning out the boilers and occasional emergency repairs.

Most of this work had traditionally been done on an ad hoc basis. According to Mr. Ron Farish, manager of a group of Midlands power stations including Ratcliffe "The fitters used to be told 'we've got a problem —*get out and fix it*' and most of the work was done by instinct. Many of the managers," he continues "had moved up from small generating plants, where as practical engineers, they had been used to working instinctively. Few had any grasp of the need for the application of management techniques or work study."

After 1967, the CEGB had made a rapid extension of work study, which was one of the recommendations made by the Prices and Incomes Board. The Midlands Region, which consists of 16 power stations in five districts, and was then run by Sir Arthur Hawkins, now chairman of the CEGB itself,



Glyn Genin

Cooling towers at Ratcliffe power station

was a front runner. The district officers of the trades unions and management services men recruited from the power station staff, set out to work out appropriate manning levels for the stations, on an individual basis. Every shop steward and every engineer was sent on a work-study course, to find out what it was all about.

Working out the operational manning level on a five-shift system, was a fairly lengthy process, but pales in comparison to assessing the maintenance task. There are 50,000 different, discrete jobs in power station maintenance: and one major turbine overhaul will consist of 100,000 different operations. Working out and breaking down the times for all these tasks was a massive operation and led to most of the engineers at each power station being converted to temporary work study specialists.

When the figures were all completed and analysed, through a special system designed by *the CEGB and subsequently* sold to the South African power authorities, it produced some surprises. Most maintenance departments were working at about 45 per cent. of theoretical capacity and operational departments at about 50 per cent. "Half-Time Britain" prevailed in electricity supply, to the disbelief of many station managers.

The Midlands Region reckoned that it could reduce the numbers of its industrial staff by at least 30 per cent. and cut out much of the work of outside contractors. Properly worked out maintenance schedules, with a system of priorities for repair work—with a base-load station like Ratcliffe anything which effects the MW output has top priority—and an improved system of stores organisation made for a much more effective use of maintenance men.

A proper planning staff had to be set up to work out the maintenance schedules and adjust the work to the number of men available on each shift, since they rotate between night and day and the number on duty varies. Work had to be checked against the manpower and materials available before it was put into the system. In effect, the planning department of a power station now does the same sort of maintenance scheduling as the computer system in an airline, working out when and how to put highly technical equipment through its routine overhauls.

The basic philosophy was to bring each power station down to a manning level appropriate to an accurate estimate of its annual work load. By March 1968, the unions and management had reached a productivity agreement, which was ratified by the Prices and Incomes Board, which allowed for bonus incentive payments paid for a group or team. But the bonus would not begin to apply until the station had reduced its staff levels, by natural wastage or voluntary redundancy, to the agreed manning level.

Just a year later — a year of hard measuring and discussion — the first power station scheme was working in the Midlands Region. Three years after that, a system was agreed at the last station in the Region. Today, most of the other generating regions have adopted the same system, for the work specifications were applicable on a national basis, and varied only according to the type of fuel burnt and the size of the station.

Of course, a system of bonus incentives, tied to work measurement required some form of policing. So a central audit team was established, which travels round to each station putting its systems under a professional microscope. No line manager is allowed to change his manning levels unless it is checked through the work load estimating system. The ratios from each power station are analysed by the area manager and some of the figures go to the Board.

In the Midlands the saving of staff has been quite impressive. Against 10,065 staff employed in 1967, there are only 8,928, today with a bigger total workload. Using the manning levels of 1967 as a guide, it had been forecast that the Midlands Board would have had to employ 12,812 people by 1975. Generating capacity in the same period has almost doubled.

Of course, the more complicated system of maintenance scheduling has required a greater level of supervision and control. In the past, the power stations used few foremen and relied on charge hands to do semi-skilled jobs, with little guidance. Under the new system, the ratio of foremen to total staff has been quadrupled to cope with the more complex decision processes.

Opposition

Of course, the scheme was not put through without considerable opposition. At first, a common reaction was that it was a form of piecework and all the power stations had read and heard about the evils of that. The shop floor men were actually much more hostile than the trades unionists, who accepted the scheme as part of a national trend towards greater productivity.

Other problems arose with the junior engineering staff, who found their earnings being overtaken by those of the manual workers. This was resolved by paying them a fixed bonus, which later became consolidated into the salary, but only after a period of industrial dislocation.

It is difficult to assess the impact of the productivity schemes on the finances of the CEGB as a whole, or on the cost of electricity. But a rough calculation made by Mr. Ron Farish suggests that a saving of 30,000 staff (compared to what would have been needed) at an average wage of £3,000 a year amounts to at least £90m. a year. The men, themselves, seem content with their earnings and with the system of calculating bonuses, which is tied into their employing unit, whether it is a transmission district involving 40 men, or a large power station with 850. The scheme evidently engenders some element of competition between stations: for at Ratcliffe, I was told with considerable pride, the output of electricity achieved a new record for any coal-powered station, last year.

PUBLIC EXPENDITURE

How should it be controlled?

MINISTERS have for some time been saying that public expenditure is being brought under control. The latest instalment is the announced imposition of cash limits for some sectors of expenditure. After events of the past five or six years it is easy to be cynical about such statements. But, in fact, the next step could make Public Expenditure Survey Committee (PESC) really bite. It is worth having a look at the facts in perspective.

First take Mr. Wynne Godley's recent denunciation of PESC to the Public Expenditure Committee. Ironically, his remark to the Expenditure Committee of the House of Commons that under PESC there appeared to be "an actual loss of control," was more or less in line with the criticism by the Estimates Committee of the Treasury in 1958-1959 over its primary reliance on the annual Estimates. Hence the reforms recommended by Lord Plowden and the late Sir Richard Clarke, and initiated in the early sixties, with the emphasis on the long view in volume terms, so as to provide a rational framework for comparison year after year. Government adopted the concept of a five-year programme, specifying the first and fifth years as broad guidelines all set out at constant prices. (The intervening years were not filled in for control purposes till 1968.) The new "PESC" system aimed at stopping the process which meant that if Government was in for a penny it was often in for a pound without fully realising it. The reforms were a great advance because they provided a genuine framework for broad decisions over the years.

So much expenditure has a long time-lead it would be madness to ditch PESC. Apart from the important fact that it is the best system we have got, it has given people a framework for the broad choices. We need this since public expenditure is political. This is as true to-day as in the past, and one must have sympathy for the present Chief Secretary when he demands where his critics would make their cuts. He is doing exactly what most of his predecessors have done.

All this amounts to an argument for not throwing out the baby with the bath water. But undoubtedly much is wrong with the current control. The simple fact is that Government has got a good small-scale map of the terrain, drawn up with considerable sophistication. But it lacks a proper large-scale record of the detail which can be updated regularly and above all promptly. The total absence of such a record for each branch of expenditure underlies many of the current shortcomings. What is the remedy?

First of all, it is indisputable that the cash limits which Government intends to impose will be quickly upset unless they are accompanied from the start by strict monitoring month by month. Unless Central Government as well as each spending authority or "cost centre" has a simple means of knowing month by month how their cash expenditure is running, with revised forecasts rolled forward each month for a year ahead, these limits will fail. Keeping on course needs early warning and prompt action. To wait for 3 or 4 months "to see how things were going" would be fatal. So far as Government's own Supply expenditures are concerned, it is no use waiting for the Treasury's Estimates circular sent out *half-way* through the year, asking for the December supplementaries (threequarters of the way through the year).

The Treasury has power to change the form of accounts. Policy hierarchs on both sides of the controversy could then look at cash figures month by month. They might even publish them, but perhaps that is running too far ahead. But it must be clear what is being done. Since only cash figures are readily and quickly available, the quick up-dating can only be in cash terms, because they can be made to spring from ordinary records. That should not, and need not mean, that a simple "cash panacea" itself provides answers, but it would provide the much needed quick up-dating. Whether policy is "monetarist" or "resources" the need is the same.

Since a monthly cash statement will be needed to enforce cash limits, the apparatus could be readily extended to all branches of expenditure. It is sometimes argued that while expenditures on say roads or school-building can be monitored against a plan, monitoring is not applicable to social service grants which depend on numbers claiming them and cannot be "planned" strictly. Obviously these two groups of expenditure differ—both in economic impact and in management. But that does not mean that for other purposes up-to-date knowledge of the cash on-flow month by month has no bearing. On the contrary it is strictly relevant for some important purposes.

The absence of a prompt feed-back has been ignored in current controversy. Yet this gap is all important. Looking at expenditures as a whole, very few branches of it can be *changed quickly, up or down*. Early warning is essential if changes are shown to be needed, since major adjustments are impossible politically and managerially if they are started late. Correction of course calls for tricky management decisions—hastening or damping down recruitment of staffs, or of investment decisions and contracts: delaying or hurrying the initiation of new policy developments. All these are commonly recognised as needing skill, time and good up-to-date information. But Government does not possess this prompt information on the public sector. The Treasury's "Running Tally" compiled in "Survey prices" and introduced in 1968 is too haphazard and incomplete to be of real use.

The two parts of the future PESC operation can now be brought together. "Old style" PESC would continue to be useful and for this volume terms are relevant, not least because engineers, road builders, teachers or doctors rightly think of their needs in volume terms (so many school places, hospital beds, miles of road). But it is now necessary and perfectly possible to add to these cash figures for the first year beside the volume figures. A valuable spin-off would be the compulsion on all spending centres down the line to do like-wise. These cash figures should then be rolled forward month by month so that an "instant" cash forecast for a year ahead would always be readily available for interpretation and judgment. For practical purposes this would overshadow the limited cash figures embodied in the Estimates for outlays within the year in question. In this way a major gap in Government's information equipment could be filled.

PETER VINTER

Chairman of PESC 1965-69

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Taxation in disarray

THE FAILURE of the House of Commons Select Committee on a wealth tax to publish a majority report last week was a political accident: the more left-wing Labour members felt that the chairman, Mr. Douglas Jay, had so far compromised their own objective—a confiscatory tax—that they carefully organised a situation in which no draft could command a majority. It is also, however, a symptom of the general disarray in our tax system after some 20 years of piecemeal reform. It is possible to make a powerful intellectual case for isolated schemes, but almost impossible to fit such schemes into the present system.

Indexation

The wealth tax committee thus stubbed its toe on a number of problems which will also obstruct the work of the steering committee implementing the Sandilands Report. One such issue is the indexation of wealth tax thresholds: in an inflationary age, a tax which did not contain an index clause might quickly have ruinous and quite unintended consequences: but the select committee, like the Sandilands Committee, felt itself unable to introduce the notion of indexation, which is broadly applicable, in one context only. Yet the failure to tackle the central issue is already having dangerous results. The CBI last week lobbied the Chancellor on a seemingly unrelated issue—the growing burden of deferred tax on stock appreciation, which is now threatening to undermine the balance sheets of some companies. The CBI wants the tax remitted rather than deferred: yet remission would in principle open the door wide to other claims for remission of tax on what are only notional profits.

In another corner of the wilderness the Layfield Committee is prospecting for a reliable source of revenue for local authorities: yet any thorough search must take it into territory where a Parliamentary battle is already joined—the taxation on land. The development land tax, now in the course of introduction, is another sour fruit of the piecemeal approach to tax innovations, and begs another fundamental question: should capital profits be taxed—whether indexed or not—at the moment of realisation, or should all capital be subjected to an annual levy? *Land taxes and* capital gains tax attack realisation, while local rates enshrine the idea of an annual levy. It is notable that the Select Committee, for all its failure to agree, saw much suggestive merit in using a broadly-based annual wealth tax to replace existing taxes on income. A heavier annual tax might also replace some taxes on realisation.

Income tax itself is becoming an uncertain territory, with the parties alternating in their treatment of loan charges and of company distributions: inheritance tax, with capital transfer tax standing as an unsatisfactory half-way house between death duties and an accessions tax, also requires attention. The long struggle between economic logic and administrative convenience has left its own litter of anomalies. Yet in every area reform proceeds without the help of any coherent principles, and important reforms are blocked for fear of introducing new issues. The case for the fundamental, nonpartisan review long urged by the CBI and others is daily becoming stronger.

Principles

The principles which should guide such an inquiry largely suggest themselves. Three central issues are the effect of inflation on the tax burden: the most appropriate approach to taxing capital: and the best form of redistributive allowances—a deduction from tax liability, as at present, or the cash-grant approach of negative income tax and the Conservative tax credit scheme. There are also important administrative issues: harmonisation with the best EEC practice, the use of self-assessment, the treatment of ad valorem duties, and the *interaction of personal taxes* with other such liabilities as local tax and national insurance contributions. Such an inquiry would necessarily be a long one. If that should turn out to entail protecting even the present ramshackle structure from further interference while it sat, the respite would itself be welcome.

Australia's change of direction

THE AUSTRALIAN business and investing world has left no doubt about its reaction to the demise of the reforming Labor Party Government of Mr. Gough Whitlam. Since the beginning of November, when the Whitlam cabinet was beginning to look doomed, until yesterday, the first day after Labor's rout at the hands of the electorate, share values at Sydney rose by about one third.

The reasons for this joy are not hard to seek. Though Mr. Malcolm Fraser, the new Prime Minister, has been none too specific about future economic policy, he has promised a 40 per cent. depreciation allowance for new capital investment in the two years beginning on July 1 next. He has promised encouragement to the housing industry, less active interference from Canberra in the sorely tried mining sector and some form of tax indexing to take account of inflation.

Encouragement

All this is encouraging for businessmen, but Mr. Fraser, even if he wished to, will be unable to turn the wheel back to the freewheeling times of the 1950s and 1960s when the mining boom made many a speculative fortune, and incidentally ruined a number of reputations in the stock market.

One of the Whitlam innovations which the mining industry particularly disliked was the use of powers to refuse export permits as a means of influencing the policies of the companies. The new administration proposes to take a look at this practice, no doubt to change the application of the policy where necessary, but Mr. Fraser does not propose to drop it altogether.

A clear-cut reversal of policy is promised for the oil industry. Newly discovered oil will be brought to market at world prices. More important, plans for a state-owned Petroleum and Mining Authority to take equity stakes in the extraction business will be abandoned. Mr. Fraser called it "creeping nationalisation," which would have to stop.

But just as the export controls are to remain in one form or another, so will the determination to upgrade Australian raw materials at home as far as possible before exporting them. Clearly the controls can be applied to support such a policy.

Mr. Fraser has stated his intention of preserving the achievements of the Whitlam administration. One might pick out improved systems of unemployment and medical benefits, increased spending on education, and an attempt, so far unsuccessful, to improve the position of the aborigines. One is tempted to add the sheer zest with which Mr. Whitlam roared into power in December 1971.

Unhappily zest soon turned into chaos within his cabinet. Its socialist wing overestimated the readiness of Australians to go in that direction. The loss of two ministers involved in the curious affair of trying to arrange a $4bn. loan through a money broker bespeaks carelessness rather than mere misfortune.

Just how disenchanted Australians had become with Mr. Whitlam is shown most clearly by his failure to exploit his dismissal by the Governor-General on a constitutional issue. Australians are by habit irreverent about established authority and might have been expected to sympathise with its victim. Economic mismanagement must take most of the blame: Mr. Whitlam made the mistake of revaluing the Australian dollar, in the interests of the consumer, at the moment when the impending recession made it ill advised. Mr. Fraser will be judged on whether he can handle the economy more successfully than his predecessor.

Two years after the oil price rises which lie behind it, the Conference on International Economic Co-operation opens to-day. **Malcolm Rutherford** assesses its chances of success

Compromise or confrontation—the question for Paris

DR. Henry Kissinger, the U.S. Secretary of State, is preparing to make himself unpopular. Unless there are last-minute changes, his speech to the *Conference on* International Economic Co-operation (CIEC), which opens in Paris to-day, will be widely regarded as "confrontational" both in much of Western Europe and in the third world.

Dr. Kissinger will call for consumer solidarity in the face of commodity power, and, more particularly, the oil weapon. He will also state firmly that the *U.S. has no intention of taking* responsibility for third world country deficits caused by the rise in oil prices. The non-oil developing countries will have to choose: they cannot expect U.S. help and at the same time continue to support the oil producers' cartel.

Bad to tell home truths

That, of course, will be only part of the speech. Dr. Kissinger will go on to refine some of the proposals already made by the U.S. for helping the third world economies. But many participants will fear that the damage has already been done, for there is a school of thought in Western Europe which insists that it is bad diplomacy to tell home truths. Instead, the third world must be mollified and quietly wooed away from its extremist leaders: public attacks on third world inconsistencies are only counterproductive.

Normally, this European criticism is reserved for Mr. Daniel Patrick Moynihan, the U.S. Permanent Representative at the UN, and his assaults on third world voting habits. "The passing of this Resolution," he wrote in a draft speech the other day, "shows that the lunatics are taking over the asylum." But there is also a touch of the Moynihan in Dr. Kissinger, and it is there for sound domestics reasons: U.S. opinion will not tolerate too soft an approach to the UN and its built-in majority of the non-aligned, and Dr. Kissinger is aware of it.

The likely reaction to the call for consumer solidarity should show how little has changed in the Western camp since the idea of the CIEC was first mooted nearly two two years ago. *The West is still divided,* and many of the Europeans tend to regard even the suggestion of solidarity as an unnecessary provocation. Nothing has changed either in the way of excessive sensitivities. It is still entirely possible that the Conference will be thrown out of joint by events or by statements which have nothing directly to do with the matter in hand: for example, U.S. reactions to third world behaviour elsewhere.

Yet in other ways things have changed a great deal. The Conference has its roots in the Yom Kippur war of autumn, 1973, the oil embargo, and the quadrupling of oil prices. Shortly after those events, the World Bank was predicting an OPEC surplus rising to $650bn. by 1980, to $1.2 trillion by 1985, and thereafter increasing by over $100bn. a year. There were widespread fears that financial institutions would simply not be able to cope with sums of this magnitude. Eighteen months later these projections look ridiculous. Some of the oil producers themselves have gone into deficit, and most of them have shown a remarkable capacity to absorb their surpluses.

Nor is it any longer the developed countries which are the principal sufferers. Collectively, they have moved back into surplus, not least because of greatly increased sales to the oil producers. It is the non-oil developing countries which have become the main victims, partly because of the rising cost of imported energy and partly because the world recession has cut their export earnings.

There are residual fears that OPEC may do it again. But at the last OPEC meeting on prices in September, Ministers not only agreed there would be no further increases till the end of *June—which thus becomes a* trigger date for progress in the CIEC, but there was also considerable evidence that Saudi Arabia, the most important member, is prepared to wreck the cartel rather than go along with extremist demands.

What this means is that a conference which was conceived by the oil producers in triumph and the consumers in panic *ought now to have a chance of* turning into a rational dialogue. The consumers are neither as weak, nor the primary producers as strong, as was originally supposed. They *have the opportunity* to negotiate, if they choose to take it.

There has been, however, very little preparation, except on procedural matters and the question of representation. There was a dress rehearsal at the seventh special session of the UN last September which resulted in a surprising measure of agreement on an agenda for world economic reform, but that experience needs to be heavily qualified. The UN, *by* and large, was simply passing a very general Resolution: individual members were not being asked to implement particular proposals. Even then, the U.S. specifically *denied that it was doing any*thing to set up "a so-called new international economic order." What is more, throughout the special session the U.S. Administration was publicly at *odds with itself over how far* it was prepared to go to meet third world demands.

The CIEC is the logical follow-on. There will be 27 countries represented, if the European Community is counted as one: seven OPEC members, 12 developing countries and eight developed. The purpose of this week's Ministerial meeting, which should last about three days, is to allow each party to make a formal opening statement and finally to set the guidelines for the four commissions which will do most of the work.

These commissions will deal with energy, other raw materials, development aid and financial questions. Each will have 15 members, ten from the developing and OPEC countries and five from the developed countries. Each will also have two co-chairman: one from the third world, one from the industrialised. On top of this, there will be two co-chairmen for the conference as a whole. It has already been decided that these will be from Canada and Venezuela.

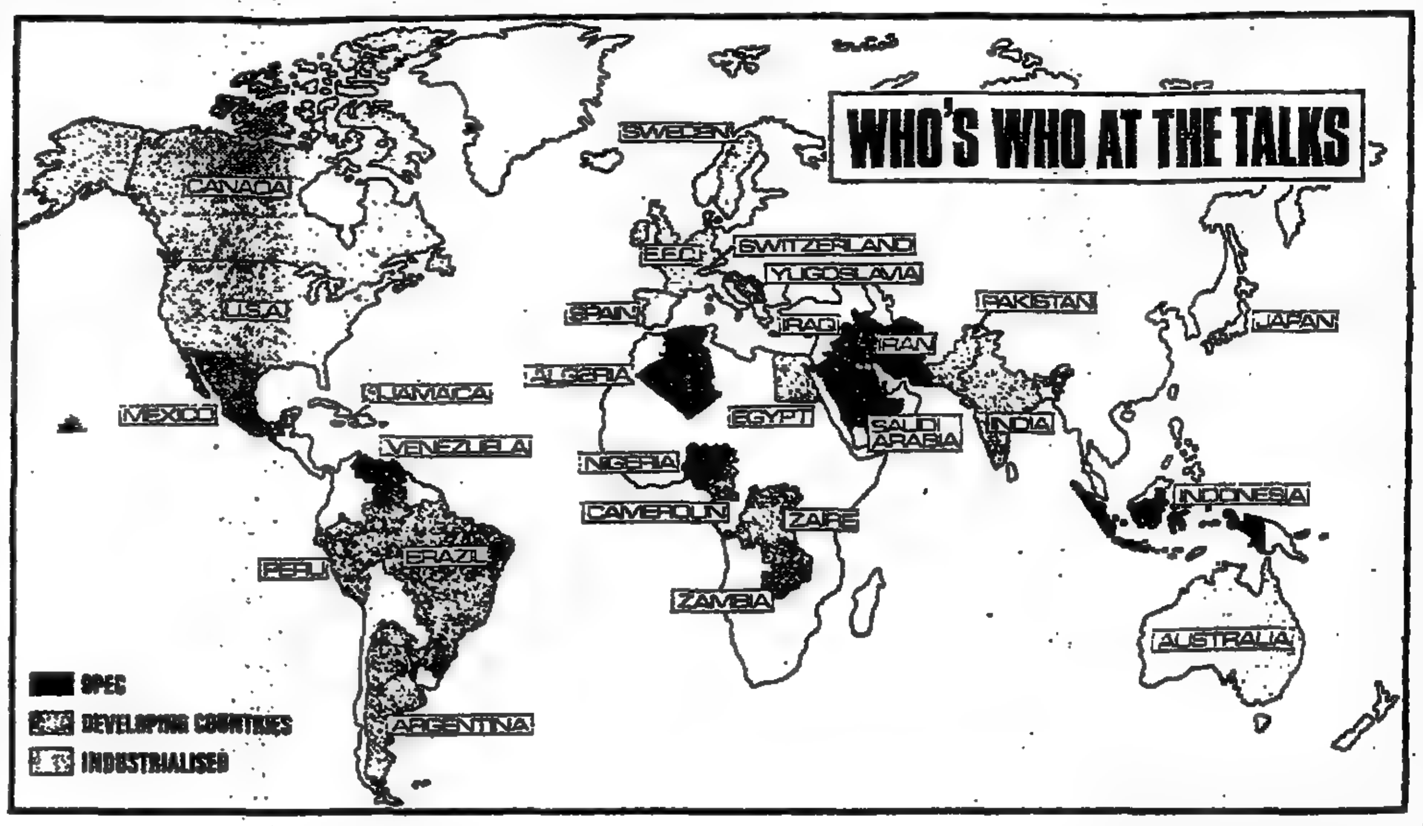
It looks as if the chairmanships of the commissions will go as follows: energy—the U.S. and Iran; raw materials—Japan and perhaps Zaire; development aid—the EEC and India; and financial questions—the EEC and Saudi Arabia (though the developing countries have not yet formally declared their hand).

The commissions *will not be*gin meeting until towards the end of January. Their broad time-table will be to produce interim reports by the middle of the year and final reports by *next December when there* should be a second Ministerial meeting.

Though, in theory, the commissions must all work in parallel, the single most import*ant one is probably energy,* if only because there have never been international negotiations of this kind on energy before and because it was the energy question which gave rise to the idea of the conference. But it may also prove the most difficult. The best that could come out of it from the industrialised countries' point of view would be an agreement to hold consumer-producer consultations on prices, an assurance that there would be no more dramatic price fluctuations, and a guarantee of uninterrupted supply. Yet the *industrialised countries are far* from united in their approach. Mr. James Callaghan, for instance, is likely to use his formal statement to-day to call for a minimum selling price in order to protect British investment in North Sea oil. Dr. Kissinger (though not necessarily the U.S. Treasury) is also in favour of an MSP, but for entirely different reasons. He believes that a relatively high floor price would make it more economic to invest in alternative sources of energy and thus reduce dependence on oil. Others have doubts about the whole MSP idea.

In any case, even if the industrialised countries were united, it would still be open to the developing countries, under the CIEC rules, to say no agreement on energy without agreement in the other commissions. Besides, the OPEC members *have their own claim to push* for indexation, something which the industrialised world has agreed in principle to consider, but is in fact firmly against. Indexation, indeed, could still be the breaking point of the whole conference.

In theory, the raw materials and development commissions should be easier, since they will be going over better known ground where progress of some sort is already under way. The former, for example, will be complementary to work being done by the United Nations Conference on Trade and Development (UNCTAD). There has already been some movement by the industrialised countries towards the UNCTAD demand for the establishment of buffer stocks and a common fund to finance them, so there is at least room for negotiation. But, again it will depend on how far each side is prepared to go. If the developing countries insist on linking the price of key commodities to that of manufactured imports rather than a guarantee of minimum foreign exchange earnings, the chance of agreement will be small. The test will come next May when UNCTAD IV is due to meet in Nairobi. *If the work of the raw* materials commission has gone well, the prospects should be reasonably good, and vice-versa.



Difficult issue at UN

It is much the same on development aid. All sorts of schemes to increase concessional aid, and some to replace aid with grants, are already under discussion. But if the third world insists on the rapid implementation of the UN target, under which developed coun*tries should devote 1 per cent* of Gross National Product to official development assistance (against a 1974 average of 0.33 per cent.), then again the atmosphere will go sour. It was the aid target which proved one of the most difficult issues at the UN special session, and Britain was one of the countries refusing to pledge even 0.7 per cent. by a specific date.

The financial commission, by contrast, is an unknown quantity. It was created virtually at the insistence of Saudi Arabia. A U.S. suggestion that it should deal simply with the financial implications of proposals thrown up by the other three has not been formally accepted. It is therefore unclear what it will deal with, but if it sets about demanding the reform of the International Monetary Fund and the World Bank, there will be solid opposition from the U.S., West Germany and Japan, all of which maintain that monetary questions are far too serious for this kind of conference.

In the last resort, therefore, it comes down to how far both sides are prepared to keep the temperature down and look for compromises. It is arguable that it would have been better never to have gone into the Conference at all than to risk a failure, and certainly the obstacles to a successful conclusion remain formidable.

MEN AND MATTERS

Varley's persuasive ways

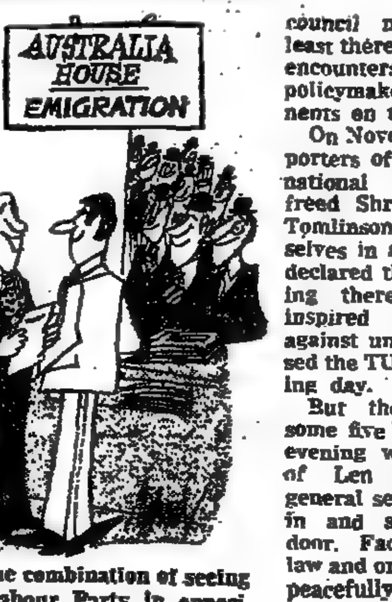
Eric Varley, the Industry Secretary, may have had little luck getting his Cabinet colleagues to see the Chrysler problem his way, but he did a good job selling the ideals of a nationalised British shipbuilding industry to J. Graham Day. Asked last night why he agreed to join the lengthening queue of those heeding in one way or another the Government's call, Day, due to be British Shipbuilding's chief executive, described Varley as "a very persuasive gentleman."

There were, mind you, quite a few other reasons. The choice of chairman figured large in Day's decision. That job goes to Admiral Sir Anthony Griffin, 55, one-time commander of HMS Ark Royal and latterly Controller of the Navy on the Admiralty Board and Controller, Sea Systems, with the Procurement Executive.

Day, a 42-year-old Canadian also thought his father, who emigrated from Britain in the early twenties, would be pleased. Day junior had been thinking of returning to Canada when his present contract as chief executive of Cammell Laird Shipbuilders expires, but "Britain has been good to me and the Government is entitled to ask something of me in return."

At Cammell Laird, he has been working half for the State already, the Government having acquired a 50 per cent. shareholding through the old Industrial Reorganisation Corporation. By the end of 1971, the year Day joined Cammell Laird, losses had accumulated there to the extent of £9.7m., a figure reduced at the end of last year to under £4.4m.

Day was a barrister in Nova Scotia for eight years until he joined Canadian Pacific in 1964, *rising to become assistant gen*eral solicitor in Montreal. Apart from the improving financial record of Cammell Laird, stress is being laid on his involvement with the commercial side *of CP. There, he also took part* in national labour negotiations and conciliation proceedings, which should prove a useful qualification.



"The combination of seeing a Labour Party in opposition and the possibility of watching the Aussies getting thrashed at cricket is obviously irresistible."

Holding the fort

Shaken by the occupation of some of its offices by left-wing protesters against unemployment three weeks ago, the TUC has taken a series of precautions to prevent a recurrence of what it clearly considered a highly embarrassing incident.

Visitors to the building are screened much more strictly than before, and as an added precaution the whole building will be closed at 5.30 p.m. on the two days preceding general *council meetings* so that at least there will be no unpleasant encounters between union policymakers and their opponents on the left.

On November 25 some 12 supporters of the Trotskyist International Socialists, including freed Shrewsbury picket Rick Tomlinson, barricaded themselves in a first floor office and declared their intention of staying there until a left-wing inspired mass demonstration against unemployment had passed the TUC building the following day.

But the occupation ended some five hours later the same evening when, at the request of Len Murray, the TUC general secretary, police moved in and started breaking the door. Faced with the forces of law and order, the occupiers left peacefully, taking some of their banners with them. Last night, for the first time, all work at the TUC stopped at 5.30, allowing staff to go home, the building to be locked, and, it is hoped, demonstrators to be prevented from repeating their exercise.

New DE head

Under the present Government, the Department of Employment has undergone considerable changes, not least because of the hiving-off of some activities into new agencies with nominal independence, and representatives of employers and employees playing a big part in their running. It is reckoned in Whitehall that the process has had an impact on morale in a ministry which has the prime responsibility for carrying out pay policy.

Morale-building then is likely to be a major consideration for the new Civil Service head of the department. Kenneth Barnes, who at 53 takes over as Permanent Secretary from Sir Conrad Heron in a couple of months' time.

Barnes spent two years with the Australian Department of Labour on exchange, and before rising to his present job as the DE's Deputy Secretary, was on loan for two years to the Cabinet Office secretariat.

In recent times, one of his tasks has been to pilot through the trio of agencies which have whittled down the DE proper: the Manpower Services Commission; the Advisory, Conciliation and *Arbitration Service;* and the Health and Safety Commission. Those spin-offs have taken civil servants and influence away from the department, added to which has been the widespread feeling that Michael Foot's tenure as Employment Secretary has seen the TUC brought in as much the most important factor in the matter of pay restraint.

The whole argument on wage *policies is due to surface again* just as Barnes moves to the top, £18,675 a year job. Apart from the new agencies, his other responsibilities lately have been geared to the mechanics of industrial relations, including the Employment Protection Act and the closed shop legislation. So having largely kept clear of pay policy, he should at least bring a fresh eye to the what-succeeds-the-£6-limit debate.

Mashing

A senior manager of De La Rue was recently doing a tour of the company's overseas interests. He was flying to Tokyo and then on to Bangkok—where he had arranged to meet his wife. Arriving in Tokyo he sent back a telex saying simply, "arrived safely, see you soon Bangers." A literally minded telex operator was on duty obviously, since his wife received the message as, "arrived safely, see you soon, sausages."

Observer

SOCIETY TO-DAY: FROM MUNICH **BY JOE ROGALY**

The worrying case of Charlotte Niess

WEST GERMANY is suffering from a mild bout of authoritarianism. I use the word "mild" because it does seem that what is happening in the Federal Republic is curable — and also because it is important to avoid the trap of describing recent events as a reversion to Nazi habits, or even a McCarthy-style witch-hunt. It is neither of those, although it does constitute a serious blot on the record of what remains one of the more attractive polities of Western Europe.

Just how serious it is can be judged from the case of Charlotte Niess, a 28-year-old jurist (there is no other term that properly describes her profession) who has been denied employment by the State of Bavaria because she is a member of the Board of the Association of Democratic Jurists, a left-wing pressure-group. Of the 25 members of this Board six are in the Communist Party. Miss Niess is *not*: her other affiliations are to the public service trade union, a liberal-reformist jurists' group, and the Social Democratic Party.

Dangerous

It is true that the job for which she applied—a job that, indeed, she was granted until a last-minute withdrawal of the offer for what were initially described as "official reasons"—is a sensitive one: she wished to become a judge in the civil court at Nuremberg, something for which she has taken two official examinations, the second after 3½ years as a trainee in Munich. It is also conceivable that the less formal and more mysterious processes that lead to the creation of judges in Britain have their own built-in barriers against those who are thought to be politically dangerous.

None of this explains away the case of Charlotte Niess. She is the victim of a formal process that affects anyone applying for any permanent Government job in West Germany—that is, whoever seeks the status of *Beamte*. This could mean a teacher, or an administrator, or even a cemetery attendant. Nor am I arguing from extremes. Cases of teachers refused employment in State schools on political grounds are not uncommon, and in Munich at the week-end I was told of a Communist engine-driver denied promotion to *Beamte* because of his Party membership.

Miss Niess took the usual oath to "respect and defend" both the Federal basic law and the Bavarian Constitution when she became a trainee-jurist. While in training she was under the eye of Munich's judges and no adverse report from them has yet been quoted against her: on the contrary she has a sheaf-ful of attestations to her devotion to the democratic constitution.

My own conversation with her brought out answers that would place her, in English terms, not far from the right of the Labour party. The Association of Democratic Jurists may support "Chile solidarity," but Miss Niess seemed genuinely shocked at my description of cases of British workers who have been dismissed from their jobs because they do not belong to the approved trade union. The closed shop, she said, was unconstitutional in West Germany, and she hoped very much that it would remain so.

The Niess case has already become something of a national scandal in West Germany. It may bubble on for some time, since both sides seem determined to fight it through the administrative courts until it has been decided by the highest appeal authority in Karlsruhe. It has already been taken up by leading members of the Social Democratic Party in Bavaria, where the Party seems to be in permanent opposition, and in Bonn, where it is the senior partner in the governing coalition. Dr. Werner Maihofer, the Minister of the Interior and a Free Democrat, a member of the junior party to the coalition, has just spoken out against the Bavarian authorities in a statement in the Federal Parliament.

Armed police check vehicles in the vicinity of the Stuttgart courtroom where the Bader-Meinhof terrorism case is proceeding. The activities on which the case centres are among the things cited as demonstrating the need for examining the political background of applicants for State employment in West Germany.

Such cases, he said, "are to my mind an alarm signal warning that in the defence of our legal state we are near to trespassing on the limits of this legal state."

This developing campaign in support of Miss Niess should not be mistaken for a sign that her case is an exception, or that all will be well if only she wins in the end. The law governing *Berusverbot* (literally "professional disbarment") is based on both long-standing German tradition and a clause in the 1949 Basic Law that stipulates that persons employed by the State must support the democratic Constitution.

Since it was last codified, at the beginning of 1973, it has been used against nearly 300 applicants (270 by June 1975, according to the Federal Ministry of the Interior). This is the number of people officially told that they could not be employed because their political background was unsuitable. It is a number that should be weighed against the half-million or so computer checks carried out for State authorities by the Secret Service.

The number of "politically undesirable" persons turned down without formal notification of the reasons is thought to be much larger. Social Democrats in Bavaria tell me that it is always awkward to get a job in the Bavarian State service if you are not a supporter of the ruling conservative Christian Social Union. These same people acknowledge that it has probably worked the other way round in Hamburg, which is under Social Democratic control.

In Boon, Herr Karl Lietke, the Social Democratic chairman of the Parliamentary Committee for the Interior, told me that he is afraid that in an unknown number of cases applicants who are members of "extremist"—yet legal—political parties "are not even looked at." In Berlin the feeling among not-so-young students I spoke to was that it was a bad idea to have the wrong kind of university activities in your file if you wanted to work for the Federal Government or one of the states.

It might be thought that, with Chancellor Helmut Schmidt's *own party so opposed to Berufsverbot*, we can rest assured that it will be eradicated. No such luck. The main difference between the Federal Government and the Opposition, as expressed in a Bill now before Parliament but thought likely to fail, is one of degree.

The Christian Democrats want membership of the Communist Party alone to be sufficient reason for disbarment. They are not so troubled about members of extreme Right-wing parties, like the notorious NPD. The coalition parties include both kinds of extremist, and insist that more than mere membership of named organisations would have to be proved. They also want to reserve screening of applicants for "exceptional cases" — which includes teachers — and they propose elaborate legal safeguards and rights of appeal for those who are affected.

What they seem unable to contemplate is the simple abolition of such legislation. West Germans of all parties will refer inquirers to the experience of the Weimar Republic, in which Nazi sympathisers helped to destroy the democratic state from inside. Many call in evidence more recent experiences, such as the wave of student unrest after 1968 when radical students threatened a "long march through the institutions." Until about two years ago, the threat seemed very real; nowadays these radicals appear to have marched into oblivion. Others will remind you of the security scandal surrounding the abdication of Herr Willy Brandt as Chancellor. Yet others point to the Bader-Meinhof terrorism case, still being tried following a much debated change in the law designed to combat the obstructive tactics of the accused and their defenders.

Christian Democratic politicians add to all this the argument that Germany is a divided nation, with a Communist dominated half whose purpose is to subvert the free institutions of the Federal Republic. It is to the east that the West German Communist Party looks for financial and moral support, they say. How can the same person be true to both this Party and the free democratic Federal State? they ask.

While all this is understandable, given the extremely short history of democracy in Germany, it is not really convincing. The Federal Republic as presently constituted sometimes seems like a better bet as a guardian of liberty than, say, Britain. It is prosperous, very largely content, and, if anything, more than a shade too conservative.

Next year's Federal Election, in which security will certainly be an issue (with the Christian Democrats trying to brand their Social Democratic opponents as Red), can be cited as a cause of an increase in the temperature of the debate on *Berufsverbot*; but not as a good enough explanation for the continued attachment of most politicians to some form of it.

The real explanation is a lack of self-confidence. This may be hard to credit in modern West Germany, but when you persist, some will acknowledge it. One of the most solidly anti-extremist voting populations in the world has produced politicians who do not trust their citizens' ability to withstand possible subversion from a handful of radical engine drivers, or teachers, or judges—as if misbehaviour by the latter could be kept secret for more than the time it took superior judges to read the details of any illegally or maliciously handled trial. Even teachers are much less likely to get away with attempting to indoctrinate children in West Germany, where classrooms are strictly supervised, than in easy-going Britain.

Shocked

Herr Alfred Grosser, a Franco-German, who won the West German publishing industry's Trades Peace book prize this year, shocked his hearers when he said in his acceptance speech at Frankfurt in October that there seemed to be more and more discussion these days about defending the basic order (the constitution) through the State and less about defending basic human rights against the State. The hopeful sign is that one meets so many West Germans who are coming to understand his point.

Letters to the Editor

State industry management

om The Managing Director, encer Stuart and Associates.

Sir,—C. Gordon Tether (December 12) is absolutely right when stresses the urgent need to t away from dangerously overrdening established business aders with commitments in ate industries. Much more agination needs to be used in entifying and using the unger talent which certainly es exist and Whitehall is said be moving in this direction.

But state industry cannot pect to milk the private sector its management indefinitely—d in any case it will fall in eate an environment capable of racting effective younger anagers to solve the short-term oblem, unless it can demonrate that it is industrial and t political management which the criterion for reaching the of industrial organisations the public sector. Only if there faith of this nature will the blic sector acquire the management needed for commercial cess in the long term.

ristopher D. Power.
ok House, Park Lane, W.1.

Talent for op jobs

om Mr D. Robb.

Sir,— Mr. C. Gordon Tether ecember 12) expresses surse that people of talent adeate to fill top jobs in nationall industries are difficult to . There should be no sure that this is the case.

n essential ingredient of top agement for an enterprise ich aims not merely to stay , but to seek out and exploit opportunities, is entreneurial flair. No one with an ce of entrepreneural flair ild look to nationalised indus s for the opportunity to make most of a working life. vitably, nationalised indus s will attract those looking security and a steady climb the ladder of bureaucracy. ynamic leadership in indus is only found in those for m success brings rewards e tangible than mere status for whom failure carries financial penalties, and both hope of reward and fear of consequences of failure are ent from nationalised indus.

is significant that the top in the National Enterprise rd went to a man on the ge of retirement, and it is a suitable appointment to a whose major role seems ly to be the embalming of ducks. Like the other onalised industries, the NEB no place for the talented repreneur.

3. Robb
Old Vicarage, bage lborough, Wiltshire.

'erpetuating iequality

n Mr. G. C. Hockley.

Sir,—The Select Committee on ealth Tax favour a "quo " system for husband and That is, their wealth ild be aggregated and effecy split for tax purposes veen the couple. It is diffi o imagine a measure that ld do more to perpetuate uality of wealth between ried couples than this. The nistic husband (or wife) has no incentive to devolve any part of his or her wealth to the other spouse. Separate wealth taxation of husband and wife would, on the other hand, provide a strong incentive for couples to legally divide their wealth between themselves. It is to be hoped that support for this change will come from a wide section of the population and not only from members of Women's Lib.

G. C. Hockley.
Senior Lecturer in Economics,
University College, Cardiff.

Comprehensive schools

From the Labour Group Leader, Kent County Council.

Sir,—Your education correspondent, Michael Dixon (December 6), seems either to have been unlucky with regard to the "comprehensive school" which his son attended, or else he is unfair to the school. To state that "middle class teachers" devoted special efforts to "scrape him through exams" for the reasons he gives, may satisfy him, but I wonder whether the teachers would accept his diagnosis?

In any case, he has the wrong conception of what a comprehensive school should do for the children. The evil of the "tripartite" system is that, by "selection" at 11, it segregates children into different schools and isolates the "elite" so that they do not mix with "all ability" children which they will have to in the real world as they all become adults, and gives some children a sense of "failure." But it does not end "selection" which operates in a well-run comprehensive school on more of a subject basis so that all children can develop their talents in their various ways. This enables the "fast workers" or "bright boys" to progress within the school and gives all the opportunity and advantages to develop their talents. "Bright boys" do not always excel in all subjects and it is good for all to have some "success" and be conscious of this to eradicate the feeling of "failure" and the "egotism" of success.

Mr. Dixon really is calling for the improvement of the curriculum and organisation in those "comprehensive schools" which he says are "run as a combination of grammar and poor secondary modern." Further, comprehensive schools are not necessarily "uniform" any more than grammar schools, for all schools depend to a large extent on the teachers. Comprehensive schools give the teachers the "tools to get on with the job" and I trust Mr. Dixon will use his influence to improve the comprehensive school he talks about, and others, to the advantage of the children and the nation's economic interest.

R. J. Davie.
County Hall, Maidstone.

Privilege and pensions

From Mr. M. Pilch.

Sir,—I find it interesting that Mr Dryden, in his letter (December 12) should have equated the inflation-proofing of civil service and similar pensions with sin. I am sure that few critics of this practice would have gone so far.

Obviously there is a tinge of envy in the attacks that have been made on the protection given to retired civil servants—we would all like to have inflation-proofed pensions just as we would all like to be guaranteed against losing our jobs — but the existence of this should not be allowed to obscure the serious reasons for disquiet that have emerged. First of all, protection of this sort given to any sector of the community, however, deserving, makes the problem worse for the remainder. The effect is double-edged. Not only do those without protection see their incomes eroded by inflation, but they are also called upon to pay higher rates and taxes to provide inflation-proofed pensions for those fortunate enough to be entitled to them.

The other reason for concern (and the explanation of the point that seems to puzzle Mr. Dryden) is that some civil servants, unlike nurses, teachers, policemen and all the other categories of public servants that he mentions, occupy positions which may allow them to exercise some influence on policies that are designed to control inflation. Civil servants may not take the final decisions, but they draft the policies and they implement them. The man in the street would be happier if he felt that responsibility for fighting inflation rested with people who enjoyed no special protection from it.

Michael Pilch.
Director, Noble Lowndes
Employee Benefits Division,
P.O. Box 144, Norfolk House, Wellesley Road, Croydon.

The BMA's actions

From Mr. E. P. Ward.

Sir,—Now that the junior hospital doctors and the Government appear to be reconciled, it may be an appropriate moment to question the behaviour of the British Medical Association in handling its grievance. Most of the public have, I think, been sympathetic with these overloaded men and women.

The action of the BMA in associating its understandable grievance with the consultants' far less popular and much more doubtful cause has seemed to many of us nothing more than a political device to reinforce an attack on the National Health Service.

In some quarters, at least, it is evident that the medical profession is attracting the wrong kinds of people. Perhaps we need more of the firm-mindedness displayed by some of its less compromising members in British business—or do we?

E. Peter Ward.
*Trio,
Carlton Road,
South Godstone,
Surrey.*

Lagging behind

From Mr. B. Webb Ware

Sir,—Let me declare my hand. I am one of the lucky ones. I have just heard that my pension will be increased by 26 per cent. at the next time of paying due to the increase in the Price Index, so by general consensus of opinion I am sitting pretty and cannot care less how far inflation goes; but I do care. In fact I would forgo that illusory 26 per cent. increase on just one condition: that the Government holds inflation down to no more than 5 per cent. per annum, which I will absorb myself without any contentious adjustments.

Why this apparent paradox? It's just simple arithmetic. I would be better off. First of all I never see that 26 per cent. adjustment. Though it's granted to compensate for inflation, that does not prevent the Revenue taking 35 per cent. of it at the standard basic rate, and the adjustment reduces to 17 per cent. But that is not all the story. The generous compensation, which I have just heard of, relates to the state of the indices in June last, so I am actually lagging by 22 per cent. overall, as the indices have gone up by another 13 per cent. in the intervening six months. In fact, looking forward for three years and calculating at this rate of inflation my annual retrospective adjustments, I will be 58 per cent. behind the index by 1978. Better you may say than being 100 per cent. behind, but it does not exactly give me a vested interest in condoning inflation. Hence my offer to forgo it all, if the Government will keep inflation down to single figures.

It can be done I know. I was there years ago and saw it done. A letter came round to all the engineering draftsmen like me from our employers on the Tyne in the hard times of 1931. It said briefly, "You can take a 25 per cent. wages cut from next Monday or the sack. The choice is yours." With employment conditions as they were and unemployment pay as it was you can imagine which we chose. I just wonder if the same offer is going out now to the employees of Chrysler U.K. or is that £180m. just another turn in the inflationary screw?

B. Webb Ware.
*Stoberry Cottage, Graffham,
Nr. Petworth, Sussex.*

Corporation tax should go

From Mr. B. A. Cole.

Sir,—Mr. Beattie (December 5) attacks the suggestion that corporation tax be abolished by a series of arguments derived from the problem of close companies, and the possibility of non-close companies indulging in portfolio investment instead of distributing dividend.

Close companies would be really no more of a problem than they are now: any income from portfolio investments (including real capital gains) would need to be taxed at progressive rates which would make it unattractive to the shareholders to invest through the company rather than directly. If non-close companies should indulge in such investments, I suggest they should be taxed on the income at a penal rate, say 60-70 per cent. while present income tax rates obtain. This should (and would be intended) to dissuade them from making such investments.

Funds not required for the business should be returned to shareholders for reinvestment (free of tax until the investment is converted into actual or presumed consumption), or alternatively (and better) used by the more efficient managements to make their businesses grow.

I have no doubt that Mr. Beattie's proposal to charge all income to tax at standard rate only would reduce tax avoidance. This relatively small gain is little justification for such a radical and, I believe, politically and socially unacceptable reform. The gains from the abolition of corporation tax would be considerable, I believe well outweighing the political problem.

B. A. Cole.
Director,
Dexion-Comino International,
*Dexion House, P.O. Box 7,
Empire Way, Wembley,
Middlesex.*

To-day's Events

GENERAL

Mr. Eric Varley, Industry Secretary, announces Government's proposals for Chrysler U.K. in House of Commons.

Conference on International Economic Co-operation opens, Paris

EEC Agriculture Ministers end two-day meeting, Brussels.

BMA national representatives meet to discuss terms of agreement reached with Social Services Secretary.

Dr. John Gilbert, Transport Minister, meets Mr. Richard Marsh, British Rail chairman, to review its financial situation.

Rail unions lobby MPs over British Rail's plans to cut services. House of Commons.

Mrs. Margaret Thatcher, Opposition leader, speaks at British Institute of Management dinner, London Hilton, W.1.

Mr. Michael Heseltine, Opposition spokesman on industry, is guest speaker at British Independent Steel Producers' Association lunch following its AGM, Hyde Park Hotel, S.W.1.

Memorial service for Mr. Ross McWhirter, St. Paul's Cathedral, noon.

Scottish Daily News creditors meet, Glasgow.

PARLIAMENTARY BUSINESS

House of Commons: Debate on motor industry. Motion on report of Committee of Privileges.

House of Lords: Statute Law (Repeals) Bill, second reading. Road Traffic (Drivers' Ages and Hours of Work) Bill, committee. Hare Coursing Bill, second reading. Lord Elton initiates debate on school building programme.

OFFICIAL STATISTICS

Index of industrial production (October).

COMPANY RESULTS

Brown Boveri Kent (half-year). Imperial Continental Gas Association (half-year). LRC International (half-year). Marley (full year). Montague L. Meyer (half-year).

COMPANY MEETINGS

Aeronautical and General Instruments, Croydon, 2.30.

Anglo Scottish Investment Trust, 2, St. Mary Axe, E.C., 2.45.

Ayer Hitam Tin Dredging, 7, Rolls Buildings, E.C., 12.

British Empire Securities and General Trust, Saddlers' Hall, E.C., 12.

Equity Income Trust, New Court, E.C., 2.45.

Hartley Industrial Trust, Manchester, 12.

Jatinga, 15, St. Helen's Place, E.C., 11.

Safeguard Industrial Investments, 87 Eaton Place, S.W., 12.

Second Scottish Investment Trust, Edinburgh, 10.30

COMPANY NEWS + COMMENT

Martin the Newsagent up 29% to £1.95m.

SALES, excluding VAT, for the year to September 28, 1975 of Martin the Newsagent expanded by 47.3 per cent. to £44.64m. and pre-tax profits advanced by 29 per cent. from £1.51m. to £1.95m. after a rise from £0.88m. to £1.11m. in the first half.

Basic earnings are shown to be up from 14.6p to 18.3p per 25p share and fully diluted from 14.1p to 18.3p. The dividend total is raised from 3.6604p to 3.9062p net with a final payment of 2.0971p.

	1974-75 £	1973-74 £
Sales excluding VAT	44,644,000	30,318,000
Trading profit	[illegible]	[illegible]
Net int. paid	11,562	47,546
Profit before tax*	1,950,538	1,512,354
Tax	990,000	775,825
Net profit	960,538	736,529
Extraord. credits†	30,451	23,800
Pref. dividend	8,098	8,096
Attrib. ord.	982,891	752,231
Int. dividend paid	83,340	83,320
Final proposed	108,199	99,705
Retained	781,352	570,006

*After depreciation £510,586 (£245,948). †Profits on sale of fixed assets.

Holders of £44,077 5½ per cent. Convertible Unsecured Loan stock 1993 have exercised conversion rights and have been allotted 75,555 New Ordinary shares. An additional 105,570 Ordinary shares issued in February to holders who elected to receive scrip dividend. Ordinary share capital ranking for dividend is therefore £1,289,861.75 representing 5,150,447 shares.

During the year 20 new sites were opened, five purchased, and eight closed, giving a total of 411 (394) at the year end.

Since September 28 the company has opened six branches, purchased three established branches and sold four. It is planning to spend more than £1m. this year on the purchase of established businesses, the opening of new sites and redevelopment of a number of existing branches.

The directors expect 1975-76 to be a difficult year with cost pressures increasing and consumer spending slackening: "nevertheless we shall benefit from the purchase of businesses this year and the growth element in most of the new sites opened *in recent years,"* they tell members.

● comment

A 29 per cent. increase in pre-tax profits from Martin's falls short of the 38 per cent. rise reported last week by NSS, but the pattern of physical expansion has differed. NSS grew last year largely by acquisition, so the majority of 37 new outlets came in already profitable, whereas 20 new sites opened by Martin during the year *will take time to reach full profitability.* Elsewhere, the trading experience was similar to most multiple newsagents. Cover price increases of newspapers and magazines, plus large rises in confectionery prices pushed sales ahead by 47 per cent., but margins have eased by 12 per cent. Martin is not taking such a pessimistic line on Christmas sales as W. H. Smith. In the coming year Martin will continue to concentrate on physical expansion with greater emphasis on acquiring existing outlets, and profits should continue to grow, if at a more modest pace. At 140p the yield of 4.4 per cent. is in line with similar groups.

INDEX TO COMPANY HIGHLIGHTS

Wearra turns in £33,328

After a first-half loss of £88,000 against profits of £104,000, footwear manufacturers and distributors, Wearra Group, finished the year to September 30, 1975 with a pre-tax surplus of £33,328 compared with £141,116. Turnover was £4.54m. against £5.1m. including exports of £497,522 compared with £941,269.

The *interim figures* were adversely affected by results of certain manufacturing units which have been closed, members are told.

Reorganisation and other measures taken improved the trading position in the second half and have enabled the Board to recommend a dividend of 0.35p net per 10p share. This compares with last year's total of 0.966p.

	1974-75 £	1973-74 £
U.K. Turnover	4,038,967	4,161,738
Exports	497,522	941,269
Total turnover	4,536,509	5,102,907
Profit before tax	33,328	141,116
Tax	—	83,238
Net profit	33,328	57,838
Extraord. debits	45,798	—
Dividends	14,000	38,448
Loss	26,470	*19,215

*Profit.

G. M. Firth halfway slump

ON SALES down from £5.74m. to £2.67m. pre-tax profits of G. M. Firth (Metals) fell sharply from £305,000 to £20,000 in the half year to September 30, 1975. Stated earnings slumped from 8.9p to 0.3p per 10p share.

Mr. G. M. Leadbeater is hopeful the first half will have coincided with the bottom of a steel industry recession of "extreme severity." There have been widespread losses in the industry across the world and in the circumstances "we take some comfort in having avoided a loss," he tells members.

	Half-year 1975 £000	1974 £000	Year 1974-75 £000
External sales	2,667	5,735	10,435
Trading profit	163	615	1,067
Depreciation	49	44	94
Bank interest	93	66	172
Profit before tax	20	505	801
Tax	13	288	417
Net profit	7	217	384
Extraord. debits	—	—	25
Ordinary earnings	7	217	359

Mr. Leadbeater sees signs of the de-stocking movement coming to an end in the U.K. and somewhat higher activity levels are being reported in the industry abroad. Much time has been devoted to putting the group into a strategic position from which it can best benefit when business activity recovers, he adds.

Because of the directors' underlying confidence in the future they intend to declare, in February, a maintained interim dividend of 2p net per share, costing £53,380. Last year's total was 5p paid from pre-tax profits of £801,000.

Caffyns first half growth

ON A turnover up from £10.3m. to £12.6m., first half pre-tax profit of automobile agents and engineers, Caffyns increased from £334,512 to £487,199.

The directors point out that the group had the assistance of British Leyland incentive schemes and has been trading in a period when depreciation of used cars and hire cars was exceptionally low.

Experience of the first two months of the second half does not suggest that the rate of increase in turnover will be maintained, they add. Turnover for the year to March 31, 1975 was £21.47m. and profit was £725,477.

The interim dividend is stepped up from 1.4p to 1.7p net per 50p share, but this is not to be taken as an indication of an increase for the year. Last year's net total was 4.8p.

A revaluation of properties discloses a surplus of £1.71m. on balance-sheet values.

	Half-year 1975 £	1974 £
Turnover	12,596,357	10,298,967
Depreciation*	166,772	159,099
Pre-tax profit	487,199	334,512
Tax	333,300	171,000

*Including interest and pension funds provision.

The company operates in Kent and Sussex.

● comment

The motor distributors have shown remarkable resilience in the light of the poor trend in new registrations. The strength of the used car market has been a great help and this is certainly true at Caffyns' although the company reaped a late bonanza from the British Leyland "Superdeal," which in September meant that the manufacturer all but doubled its market share. The story, however, has been quite different in the second half. Demand has been poor for both old and new *vehicles and only in the workshop* has business been brisk, so considering the extent of the upsurge in the second half of 1974-75 little growth can be expected this time. The shares at 77p yield 10.3 per cent. and the dividend looks fairly safe.

Linfood's £1½m. at midterm

ON SALES of £98.29m. profits of Linfood Holdings, the wholesale, retail and cash and carry distribution group, emerged at £1.48m. for the 28 weeks ended November 8, 1975.

In view of the differing dates to which the preceding accounts were drawn up, the directors do not consider it meaningful to produce comparative figures for 1974.

For the previous period ended April 26, 1975 profits of £2.27m. were achieved from sales of £163.11m. Those figures included Associated Food Holdings for 52 weeks, including Upward and Rich since its acquisition on June 27, 1974, and Thomas Linnell and Sons for 56 weeks.

After tax of £787,000 the balance attributable for the 28 weeks *emerged at £693,000 and stated* earnings per 25p share were 9.3p.

There is an interim dividend of 4p net absorbing £297,000. For the previous period an interim equal to 2p was followed by a special interim in lieu of a final of 6p.

● comment

The lack of any comparable figures at Linfood makes analysis difficult, but internal estimates suggest that the company may be as much as 46 per cent. ahead pre-tax. Yet this figure is influenced by some strong exceptional items. There has been a substantial turnround at Wright and Green (this company moved out of the red in the second half of last year) while there have also been savings following a number of closures together with those of the May rights issue proceeds. So the performance to date is hardly any yardstick to future prospects, especially because the Christmas trade has been very slow to build up. The outcome *then* rests on a late Christmas bonanza for the food retail trade and to a lesser extent on the trading climate in January but the fact that Linfood is free of any dividend restraints this year should prop the shares at 220p where the yield is 7.1 per cent. on the past 12-month dividend.

Caravans Int. omits final

GROUP PROFIT, before tax, of Caravans International improved from £549,000 to £1,230,000 for the year to August 31, 1975.

But after a greatly increased tax charge of £1.02m., minority interest and extraordinary debits of £782,000, there is a loss of £762,500, against a profit of £19,800. The tax charge includes £1,091,400 (£356,800) overseas.

The directors state, however, that the group as a whole is expected to produce a "markedly better result" in the current year.

There should be an improvement as a result of reorganisation, while the major overseas companies are expected to maintain their profits, they add.

Stated earnings per 20p share for the past year were 0.25p (0.24p) on a net basis, and on a nil distribution basis 1.44p (1.22p). As before, there is no final dividend—an interim of 0.2p (0.7p) net has been paid.

	1974-75 £	1973-74 £
External sales	30,725,300	28,069,300
Pre-tax profit	1,230,200	549,300
Taxation*	1,023,100	359,500
Net profit	229,100	159,600
Minority	207,800	180,700
Extraordinary debits	583,800	—
Net loss	762,500	†19,800
Dividends	16,000	57,500

*Overseas tax £1,091,400 (£356,800). † Profit.

Foreign exchange gains of £245,700 (£7,100) have been utilised in writing-down intangible assets.

● comment

Caravans International's U.K. losses increased to around £1m. last year, so a second half pre-tax *improvement of 58 per cent.,* for more than doubled profits overall, stems entirely from overseas—principally South Africa (where the 22 per cent. increase in minorities arises) but also Germany. A small attributable profit, after tax and minorities, has been swamped by costs of factory closure in the U.K. and marketing retrenchment in Europe. Before foreign exchange conversion gains, net worth has been reduced by over a tenth but despite an increase of nearly a *quarter in interest charges to* £986,000, net borrowings, which amounted to over four-fifths of shareholders' funds in the last balance sheet, have apparently shown little increase. Even a modest improvement in U.K. fortunes, on the back of economy measures, would justify a price of 17½p, where the market capitalisation is £1.45m., via a reduction in the group's mammoth tax charge.

City of Dublin Bank

City of Dublin Bank announces a pre-tax profit of £232,000 for the year to September 30, 1975, a marginal change from last year's £245,000 and in line with expectations, the directors state.

A final dividend of 1.125p makes an unchanged total of 2p per 25p share. Stated earnings were 1.9p (2.25p) per share.

Demand for loans was at a low ebb throughout the year, says the chairman, Mr. T. Kenny. "Because of our criteria for lending we have declined more business than we have accepted." But in recent weeks there has been an "almost preceptible" sign of a revival in lending requests.

Mr. Kenny reports that deposits continue to grow at a steady pace and are now coming from a greater number of customers. At September 30, 1975 they totalled £12m., including deposits of £3.5m. with the recently acquired Irish Bank of Commerce.

Cash balances and Government stock exceed £3m.—a substantial increase from a year ago. This unusually high degree of liquidity is caused by the present economic conditions and will reduce when industrial demand improves, Mr. Kenny comments.

As the bank has owned Irish Bank of Commerce for only a few weeks of the financial year, this acquisition has not yet made any significant change to profits.

Looking ahead, the chairman says it would be "folly" to expect any *marked upsurge in profits* until national conditions return to a more stable base. He expects 1975-76 profits to be at a level not too dissimilar to those of the past year.

Mr. Joseph Palmer, chairman of J. H. Fenner and Co. (Holdings), who reports that past investment gives the group substantial potential for future expansion.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Beechwood Constrctn. int.	0.5	Feb. 3	0.42	—	1.53
Caffyns int.	1.7(a)	Jan. 22	1.4	—	4.8
Capital and Counties int.	Nil	—	Nil	—	0.01
Caravans	Nil	—	Nil	0.2	0.7
City of Aberdeen Land int.	0.33	Feb. 3	0.33	—	1.74
City of Dublin Bank	1.13(b)	—	1.13	2.0	2.0
Compton Partners 2nd int.	2.47	—	2.35	3.37	3.16
Crown House int.	0.63(c)	Feb. 20	0.53	—	1.73
Linfood int.	4	Feb. 16	2	—	8
Martin the Newsagent	2.1	—	2	3.91	3.66
Robert Moss int.	1.1p	Jan. 26	1	—	2.05
Ronksley Inv.	0.11	Feb. 13	0.1	0.11	0.1
Alex. Russell int.	1.04	Jan. 30	0.9	—	1.68
Seafield Gentex	Nil	—	3.13(b)	—	5.0
Wearra Group	0.35	—	0.48	0.35	0.97

Dividends shown pence per share net except where otherwise stated.

*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. (a) Not to indicate increased total. (b) Gross. (c) Increased to reduce disparity.

Lucas chief confident of progress

A CONFIDENT forecast of continuing progress by Lucas Industries was made by Mr. Bernard Scott, chairman, at the annual meeting yesterday.

After pointing out the accelerating growth overseas compared with the U.K., he said he expected expansion in Continental Europe, now worth £150m. annually, to continue. Elsewhere overseas business worth £130m. a year was expected to increase.

The "big hole" in the situation, Mr. Scott stressed, was the car business. Nevertheless, there were indications that demand outside the U.K. was gradually improving and this represented a chance to increase exports.

Aerospace interests had not prospered as they were capable of doing, but Rolls-Royce's contract with China for Spey engines, and the associated licensing agreement, would help to put the division *in a better posture to take* advantage of the technology developed within it, said the chairman.

Advance at Sutcliffe Speakman

IN THE half year ended September 30, 1975 profits of Sutcliffe Speakman and Co., engineers, increased from £161,000 to £209,000, on a turnover up from £2.09m. to £4.31m.

In the engineering division margins were eroded by cost inflation and strong foreign competition for export business. The higher overall profit was attainable only by achieving a "vastly increased" turnover, the directors explain.

The carbon division suffered a fall in demand in the home market but was able to maintain its position by increased exports.

At the net attributable level the balance emerged at £98,000 compared with £77,000, and stated earnings per 25p share are shown at 4.4p against 3.5p.

The interim dividend is raised from an adjusted 0.9845p to 1.083p net—previous total was equal to 2.0117p, paid from profits of £346,000.

	Half year 1975 £000	1974 £000
Turnover	4,311	2,088
Profit before tax	209	161
Attributable	98	77
Dividends	24	22

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Venesta turnround to £4½m. loss

THE ANNUAL accounts of Venesta International, the timber and packaging concern, whose share quotation was suspended on the Stock Exchange last week pending a possible restructuring of the company, have been heavily qualified by auditors, Coopers and Lybrand.

The accounts show that the group has moved from a pre-tax profit of £3.1m. in 1973-74 to a loss of £4.5m. for the year ended March 31, 1975.

The auditors mention that the group has exceeded its borrowing powers (by some £16m.) and that Preference dividends "appear to have been paid out of capital" since the company had no retained profits to cover the cost."

Coopers and Lybrand also state that they are unable to express an opinion as to the likelihood of a French subsidiary being called upon to meet the guarantees it gave to the creditors of former subsidiaries. Further, they are unable to confirm that bills receivable amounting to £737,000 held by a subsidiary will be met on maturity.

	1974-75 £000	1973-74 £000
Turnover	66,108	79,466
U.K.:		
Construction materials	35,314	37,492
Packaging	6,346	4,619
Overseas		
Construction materials	24,048	37,357
Loss before tax§	4,517	*3,075
U.K.:		
Construction materials	931	1,309
Packaging	319	327
Overseas:		
Construction materials	†3,347	*1,814
Central charges	2,040	885
Taxation	978	1,411
Net loss	5,495	*1,664
Minority interests	109	303
Loss attributable	5,601	*1,361
Extraordinary items@	1,276	838
Leaving loss	6,877	*523
Dividends	83	95
To non-distrib. reserves	—	467
Loss to date	3,406	‡1,568

* Profit. † Loss. ‡ Retained. § After charges including depreciation £2.32m. (£2.25m.), terminal payments to directors for loss of office £29,000 (£30,000) and interest £4.8m. (£3.1m.). @ Comprises gain of £316,000 (£102,000 loss) on exchange and dollar premium on currency transfers, provision for rationalisation costs no longer required £136,000 (£819,000 charged) and loss on disposal of subsidiaries £2.23m. (£93,000 profit).

Their reservations include particularly the uncertainty with regard to any scheme of reconstruction.

The directors are proposing that the borrowing limits be lifted to £40m. At present the *formula for the borrowing ceiling* is three times shareholders' funds which at the last balance sheet date amounted to £3.1m.

However, the latest balance sheet shows that, excluding goodwill, net tangible funds relating to the Ordinary holders amount to a negative figure of roughly ... Total gross borrowings of Venesta were over £25m. on March ..., the balance sheet date.

Part of the borrowings—£4... —relate to a loan from Venesta's major shareholder, Williams ... son, which holds roughly 46.... cent. of the equity. Since the ... end £2.4m. of the proceeds of ... sale of a former subsidiary, K... Venesta, out of a total of ... have been applied in part re... ment of this loan.

Beechwood growth

FIRST HALF turnover of engineers, Beechwood Construction (Holdings), expanded ... £1.82m. to £3.17m., and pre-... profit advanced from £175,... £235,114. The figures for the ... to March 31, 1975 were £3... and £324,128 respectively.

The interim dividend is stepped up from 0.42p to 0.5p net per ... share. Last year's total ... 1.525p.

	Half year 1975 £
Turnover	3,171,259
Profit before tax	235,114
Taxation	122,500
Minorities	17,414
Attributable	95,150
Dividend	30,752

The company has purchased ... per cent. of the equity of Talbot Electrical for £3... effective from May 1, 1975.

Compton Partners

GROUP PROFIT, before tax ... advertising agency, Compton Partners, improved marginally from £446,076 to £438,090 in ... year to September 30, 1975, ... £203,101, against £238,128, for first half.

A second interim dividend ... 2.47p lifts the net total from ... to 3.37p per 10p share.

Net profit came out at £19... (£181,134) after tax of £26... (£264,948).

As known, the company ... planning to merge with Sa... and Saatchi and Co.

ISSUE NEWS

British Northrop

After almost three years, the shares of British Northrop opened to dealings again yesterday, opening at 37p and closing at 42p against a suspension price in December, 1972, of 80p.

The listing was suspended at the company's request following agreement for the acquisition of Chad Valley from Barclay Securities. However, the company found it impossible to arrange long term finance and the deal fell through, Chad Valley then being bought by Mr. Davoud Alliance, chairman of BN, following his acquisition of 80 per cent. of BN's shares earlier that year.

For a number of years the company made losses, but the second half of 1974 saw a modest improvement. In the eight months to August 31, BN has made pro*fits of £313,305. This trend is* expected to continue, and the directors forecast that for the year 1975 profits will not be less than £400,000. They are hopeful of a return to dividend payments.

PENTOS

A quotation has been granted for £1,409,804 of 15 per cent. Convertible Unsecured Loan Stock 1985 *in Pentos. The* stock ... issued in connection with ... acquisition of Marshall Morgan and Scott.

S & W BERISFORD

S. and W. Berisford's rights issue to raise £3.35m. on ... basis of one-for-one at par (2... attracted applications in respect of 12,823,328 shares, 93.67 ... cent. The balance has been sold in the market at a net price ... 119.5p and proceeds will be distributed to entitled shareholders.

BROOKE BOND LIEBIG

The formal document from Brooke Bond Liebig in connection with its rights issue to raise £12.7m. on the basis of one-for-four at 32p is published to-... In addition to loan capital ... £17.9m. other outstanding borrowings amounted to £84.3m. ... November 14 of which £19... was secured. An extraordinary meeting is called for December 31, to consider an increase in authorised capital to £80m.

Crown House progress

REFLECTING maintained profit margins on increased turnover of £28.77m., against £26.83m., of Crown House resulted in an expansion from £736,000 to £819,000 in pre-tax profit for the half year to September 30, 1975.

And the chairman, Mr. P. Edge-Partington, reports that liquidity has improved and the group "is in a strong financial position."

The interim dividend is raised from 0.525p to 0.65p net per 10p share to reduce disparity. It is intended to pay the maximum permitted 10 per cent. increase—last year's net total was 1.748p from profits of £1,633,000.

	Six months 1975 £000	Six months 1974 £000	Year 1974-75 £000
Sales	28,771	26,832	57,295
Profit	*835	761	1,685
Share assoc. loss	16	25	52
Pre-tax profit	819	736	1,633
Taxation	434	395	940
Extra-ordy. debits, minorities, etc.	19	5	†191
Balance	366	336	884
Dividends	174	148	456
Unappropriated	192	188	428

* Includes £3,000 for Transel Pty., a company registered in Western Australia, in which 60 per cent. interest was acquired on June 30, 1975. † Credits.

The company's interests are in engineering, table glassware manufacture and property investment and development.

The objects, it is explained, are primarily to reduce the conversion price to a level where conversion is likely to be advantageous and thus take place, and secondly to extend the life of the stock.

First expiry date of the offer is January 7 (3 p.m.) and the necessary resolution to enable the exchange for holders wishing to accept will be held on January 9—it is pointed out that the exchange resolution, if approved, is not binding on all holders and, therefore, if the offer becomes unconditional but is not accepted in full, there will be two convertibles outstanding. Certain of the larger holders intend to accept the offer.

● comment

Crown House's pre-tax profits are 11 per cent. ahead on slightly improved margins of 2.9 per cent. Electrical merchanting profits are down and glassware export markets (particularly in the U.S.) have become increasingly competitive. However, contracting is holding up well, with order books maintained at the end-year figure of £63m., and the property side has chipped in some £100,000 against a loss last time. At this rate of progress pre-tax profits could exceed £1.8m. this year, which would cover a prospective yield of 11.9 per cent. at 23p nearly twice. In the meantime, property sales, to a gross value of £1.6m., together with a noticeable pick-up in contracting progress payments, have turned a net overdraft of £1.9m. to a cash surplus of about £1m.

Statement, Page 20

Seafield Gentex loss £0.23m.

EXTERNAL SALES of Youghal-based Seafield Gentex contracted from £18.25m. to £10.3m. in the year to September 30, 1975, and a loss of £233,067, against a pre-tax profit of £1,090,383, was incurred.

When reporting a first-half loss of £277,569 (profit £857,713) last June, the directors said there seemed to be some indication that world textile trading had passed its lowest point, but there would be no profit for the year.

There is no dividend, compared with a total of 5p gross per 25p share for 1973-74.

	1974-75 £	1973-74 £
External sales	10,295,000	18,253,000
Trading deficit	173,451	*1,054,492
Share associates' losses	22,905	*42,394
Interest charges	36,711	57,503
Loss before tax	233,067	*1,090,383
Tax credit	175,157	†185,362
Minorities	180	9,103
Pre-acquisition	—	16,376
Attributable loss	58,080	*879,536
Preference dividend	55,375	33,250
Ordinary	—	194,016
Retained loss	113,235	*647,270

* Surplus. † Charged.

It is Board policy to write off losses on disposal of subsidiaries direct against reserves. Consequently, the results do not include a provision for such losses incurred during the year, it is stated.

C. T. Bowring loan stock exchange

Documents have now been sent to holders of the 5 per cent. Convertible Unreserved Loan Stock 1981 of C. T. Bowring and Co. in respect of the already announced offers to exchange into a new 10 per cent. Convertible Loan Stock 1987.

BROWN & JACKSON ACQUISITION

Brown and Jackson is acquiring Howard and Brown (Manchester) for £100,000 cash payable over a period at a rate governed by future pre-tax profits. Profit for the year to June 30, 1975 was £21,620 and net assets at that date were £54,078.

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest renunc. date	1975 High	1975 Low	Stock	Closing price	+ or −	Div.	Cover	Yield	P/E
[illegible]	F.P.	—	[illegible]	[illegible]	Brasil Fund S.A.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	—	165	[illegible]	Lon. Buchanan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	280	[illegible]	Elandsr'd Min's 30c	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	254	[illegible]	Hughes Tool $1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price	Amount paid up	Latest renunc. date	1975 High	1975 Low	Stock	Closing price	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bristol (City of) 12½% Red. 1981	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Coventry (City of) 12½% Red. 1980	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Water [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Haslemere Est. 9½% [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Islington 12½% Red. 1980	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Jardine Math. [illegible] Conv. 1990	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lee Valley Water [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Midland Bank Float. Cap. Notes '83	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nurdin & Peacock 10½% Deb. 1990-95	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Singlo 10% Cum. Conv. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Spirella 14% Cum. Pref.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Tyne Union [illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	York Waterworks [illegible] Red. Pref. 1983	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest renunc. date	1975 High	1975 Low	Stock	Closing price	+ or −
[illegible]	Nil	[illegible]	[illegible]	[illegible]	Anglo-Am. Asphalt	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Bank of Nova Scotia	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Berry Wiggins	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	British Home Stores	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Capper-Neill	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Charles (David)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Debenhams	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ellis & McHardy	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Frame (J. H.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Harrisons & Crosfield	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hunting Assoc. Inds.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Kwik Save Discount	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lennons Group	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lighting & Leisure	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mowlem (J.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Nat. Bank of Aust.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pullman (R. & J.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Pontins	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Raybeck	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Runciman (W.)	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Spillers	[illegible]	[illegible]
20	F.P.	12/12	16.1	[illegible]	63 Watson & Philip	[illegible]	[illegible]
50p	F.P.	19/11	19/12	76	60p Weir Group	76	+2

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p Pence unless otherwise indicated. u Forecast dividend; cover based on previous year's earnings. F Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. Offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights by way of capitalisation. ‡‡ Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ≠ With warrants.

MINING NEWS

Inco sees a pick-up in second-half 1976

BY KENNETH MARSTON, MINING EDITOR

A MORE hopeful view of 1976 nickel sales comes from Mr. John H. Page, president of International Nickel's U.S. subsidiary who reckons that they should start to improve after the first half of the year and turn up more strongly in the second half. He expects the 1976 improvement to be "significant," but not to approach 1974 levels.

As far as 1975 is concerned, Mr. Page reckons that world nickel production will be about 1.2bn. pounds, roughly the same as in 1974, while non-Communist world consumption will be slightly under 1bn. pounds. Both producer and consumer nickel stocks stand at high levels and by the end of this year Inco will be carrying stocks equivalent to between four and five months' sales at the anticipated 1976 sales rate.

Inco's nickel stocks, "two to three months above what we consider a desirable minimum," have accumulated in the face of a 10 per cent. fall in the group's production which has been largely the result of labour stoppages.

Looking further ahead, Mr. Page anticipates in the period 1976-78 a rate of recovery for nickel similar to that which followed the 1971 economic slowdown in industries using nickel materials. Over the longer term world nickel consumption is still expected to grow at about 6 per cent. annually. He also points out that Inco's new ventures in Indonesia and Guatemala will contribute approximately 130m. pounds of nickel by 1979.

Mr. John H. Page

SOUTH AFRICAN GOLD OUTPUT

A modest recovery in production is reported by South Africa's gold mines. After the 1,928,124 ounces produced in October, which was the lowest since May, November's output is slightly higher at 1,954,234 ounces but still well down on the 2,007,108 ounces for November, 1974.

Output for the 11 months to date comes out at 21,043,309 ounces and goes against 22,639,856 ounces for the same period of 1974 when the year's total production of 24.4m. ounces was the lowest for 13 years.

HARD TIMES FOR HUDBAY

The Anglo American Corporation group's Canadian offshoot, Hudson Bay Mining and Smelting reports net earnings of $1.61m. (£0.78m.) for the September quarter bringing the total for the nine months to date to $16.36m. (£7.97m.), well down from the $35.76m. for the same period of 1974. The earnings per share figure for the last quarter comes out at 17 cents (8.3p) making $1.65, against $3.60, so far this year.

The company states that earnings from base metal operations were once again hit by rising costs and depressed metal prices. Full production at the Sylvite of Canada potash mine was resumed on October 11 following repairs to damage which resulted from the fire in the headframe of the production shaft on July 14.

An unaltered September quarter dividend of 40 cents (19.5p) has already been declared and last Friday the company announced a reduction in the three-monthly rate to 20 cents with a dividend of that amount for the last quarter of 1975 bringing the total for the year to $1.40 (68p) compared with $1.60 for 1974.

STATE CONTROL IN VENEZUELA

The Venezuelan Government has set up a State enterprise to manage the operations of the two formerly U.S.-owned iron ore concerns which were nationalised in January this year and to control the mining and processing of all iron ore in the country.

The companies were the respective subsidiaries of U.S. Steel and Bethlehem Steel. The total compensation paid was just over $101m. (£50m.).

Venezuela's iron mines produced some 25m. tonnes of ore last year, but the current year's output has been reduced by about 10 per cent. owing to the fall in demand from overseas steel industries. The country exports most of its iron ore with 64 per cent. being shipped to the U.S. and a modest 6 per cent. coming to the U.K.

MINING BRIEFS

New Guinea Goldfields—November: Golden Ridges: Milled 5,944 tonnes ore assaying .099. Fine Gold Produced 595.75 ozs. Fine Silver Produced 721.41. Tributes: Bullion produced 135.45 ozs. Wau Sawmill: Timber produced—board feet 365,474. Vanimo Sawmill: Timber produced—board feet 80,563.

Ex-Lands—November output of tin concentrates, 44 tonnes (October, 36 tonnes).

Rahman Hydraulic—November output of Tin, 45 tonnes (October, 45 tonnes).

Wheal Jane—November output of Tin contained in concentrates, 81 tonnes (October, 80 tonnes).

BIDS AND DEALS

AI-H. MORRIS BID PROBE

The bid for crane manufacturers Herbert Morris from Amalgamated Industrials is to be referred to the Monopolies Commission. It has also been decided that the merger situation that already exists between the two companies—that is, the near 40 per cent. equity holding which amounts to de facto control of Morris—also warrants investigation.

The offer of 60p per share, which has been strongly opposed by Morris' Board, the trade unions and workforce combined, was triggered off under the rules of the Take-over Code following the acquisition of 4½ per cent. of the equity (150,000 shares) from Griffiths Bentley, a subsidiary of BSG International.

AI already held a substantial stake in the company following an earlier abortive attempt to acquire the outstanding shares in Morris in mid-1972.

AI Amalgamated will now have to face an investigation even if the Stock Exchange were to allow the company not to proceed with its offer. Bryanston Finance, which controls 76 per cent. of the AI equity, is already the subject of a DTI inquiry.

The decision to refer the bid to the Monopolies Commission will undoubtedly meet with the approval of the Morris Board which is expected to make a formal statement to-day.

The main areas of anxiety about the AI bid have mainly related to the lack of industrial logic and any change in employment prospects which may have followed the bid. In recent statements Morris has announced a strong order book and an improvement in margins resulting from a rationalisation programme.

Morris is rich in assets and the last accounts showed a net asset value of 160p per share, compared with an unchanged closing price of 66p last night. AI also ended the day unaltered at 11½p.

CAVENHAM-GRAND UNION

Cavenham U.S. said yesterday that about 1,463,000 Common shares of Grand Union Company had been tendered under its offer to exchange $18 principal of its 11½ per cent. Sinking Fund debentures for each share of Grand Union and that it was extending the offer until 5.30 p.m. on January 9.

A spokesman for Cavenham said that Cavenham was not obligated to accept any shares unless a minimum of 1.9m. were tendered, and it had not determined whether to accept less than that amount.

COMMON BROTHERS EXPANSION

The Common Brothers Group of international shipping operators has acquired for £500,000 cash a 50 per cent. stake in Gomba Shipping (Jersey), one of a number of companies established by shipowner, Mr. A. J. Shamji.

Following this, Gomba has ordered six 3,700 d.w.t. dry cargo vessels to be built by Mazagon Dock in Bombay, at fixed sterling prices with main machinery and equipment bought separately from Scandinavia and the U.K.

None of the ships are yet committed to any particular trade or charterer.

MAGNET-SOUTHERNS

The offers on behalf of Magnet and Southerns for the share capitals of Magnet Joinery and Southerns-Evans, have been declared unconditional. Acceptances have been received as follows—Magnet Ordinary 10.35m. shares (84.04 per cent.), Southerns-Evans Ordinary 11.72m. (88.58 per cent.), Magnet Preference 588,185 (77.59 per cent.) and Southern-Evans Preference 341,711 (93.53 per cent.).

The Council of the Stock Exchange has granted a listing for the new Ordinary and Preference shares in Magnet and Southerns and dealings commence to-day. The offers remain open until further notice.

S. PEARSON GROUP STAKE IN CAMCO

Camco Inc. said yesterday that its directors had approved terms of a definitive agreement to issue Common Stock and Convertible Subordinated Debentures for $7.71m. to Midhurst Corporation, a subsidiary of S. Pearson and Son.

Midhurst, of Delaware, will buy 400,000 shares of Camco Common for $4.46m. and $3.25m. of debentures bearing an interest rate of 10 per cent. and convertible into Common stock at $13 a share.

APPEAL DISMISSED

The Appeal Committee of the City Panel on Takeovers and Mergers has turned down an appeal by Mr. Bernard Glazer against a ruling of the Panel that the shares of Ashbourne Investments owned by him were not eligible to receive the cash alternative to the offer announced by Central and Sheerwood last month.

The appeal was made on grounds of hardship on the basis that Mr. Glazer would lose money as a result of the shares being ineligible for the cash alternative. The Appeal Committee has decided that in the "very special" circumstances of this case it would not be appropriate for Mr. Glazer to participate in the benefit of this alternative at the expense of those providing it.

LAWSON DEAL OFF

Lawson Securities, the Edinburgh-based unit trust group, announced yesterday that recent discussions with various other groups concerning the sale of the company had been terminated. With £8m. under management, the group now intends to continue with its previous policies, and Mr. Freddie Lawson, managing director, said he felt that the right decision had been reached for both shareholders in the management company and unitholders in the unit trusts.

ATLAS STONE

The Compagnie Financiere Eternit cash offer for the Ordinary capital of Atlas Stone has been accepted by holders of 91.4 per cent. of the shares for which it was made.

Eternit held 806,500 shares prior to making the offer, and now holds or has acceptances for 3,639,504 (93.1 per cent.).

Eternit intends compulsorily to acquire the outstanding shares in due course.

ASSOCIATE DEAL

Mr. E. Vandyk, a director of Ashbourne Investments and therefore an associate within the context of the Code on Take-Overs and Mergers, states that on December 10 he purchased 102,500 Ordinary shares in Ashbourne at 18½p.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's timetable.

TO-DAY

Interims: Braham Millar, Danks Gowerton, Electric and General Investment, Equity Consort Investment Trust, Imperial Continental Gas, Investment Company, LRC International, London and Liverpool Trust, Montague L. Meyer, Moorgate Investment, Property Holding and Investment Trust, Stanhope General Investment, Tex Abrasives, Wace Group, Ward and Goldstone, Warsford Investments, Wheeler's Restaurants.

Finals: Burston Group, Crane's Screw, Duple International, J. and H. B. Jackson, Keystone Investment, Marley, Wolverhampton and Dudley Breweries.

FUTURE DATES

Interims—	
Amber Day	Jan. 9
British Benzol Carbonising	Dec. 22
Cattle's (Holdings)	Dec. 19
Forminster	Dec. 23
Harris (Philip)	Dec. 17
Wyatt (Woodrow)	Dec. 18
Finals:—	
Brunner Investment Trust	Dec. 18
Charter Trust and Agency	Dec. 19
Deason (Holdings)	Dec. 19
Redman Heenan International	*Dec. 17
Union Discount	Jan. 21
United Scientific	Dec. 16

* Amended.

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on December 15, 1975. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from the market rates of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling-dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afars & Issas	Djibouti Franc	340(sg)
Afghanistan	Afghani	118(A)
Albania	Lek	(O)10.19(A) (T)25.25(A)
Algeria	Dinar	(A)7.90(sg)
Andorra	French Franc	9.05
	Spanish peseta	120.70
Angola	Angola Escudo	54.90
Antigua (S)	E. Caribbean	4.90
Argentina	Ar. Peso	(fin)111.64
Australia (S)	Australian $	1.6070
Austria	Schilling	37.60
Azores	Portug. Escudo	54.90
Bahamas (S)	Ba. Dollar	2.0505
Bangladesh (S)	Taka	29.25(sg)
Bahrein (S)	Dinar	0.801
Balearic Is.	Spa. Peseta	120.70
Barbados (S)	Barbados $	4.076
Belgium	B. Franc	(cm)80.10 (fn)82.32
Belize	B$	[illegible]
Bermuda (S)	Bda. $	2.0170
Bhutan	Indian Rupee	18.092
Bolivia	Bolivian Peso	40.34
Botswana (S)	S. A. Rand	1.7544
Brazil	Cruzeiro	17.90
Br. Solmn Is (S)	Australian $	1.6070
Br. Virgin Is (S)	U.S. $	2.0170
Brunei (S)	Brunei $	5.0487
Bulgaria	Lev	1.8752
Burma	Kyat	(A)13.29(sg)
Burundi	Burundi Franc	158.375
Cambodia	Riel	n.a.
Cameroun Rp	C.F.A. Franc	451½
Canada	Canadian $	2.0470
Canary Is.	Spanish Peseta	120.70
Cape Verde Is	Cape V. Escudo	54.90
Cayman Is. (S)	Cay. I. $	1.6847
Cent. Af. Rp.	C.F.A. Franc	451½
Chad	C.F.A. Franc	451½
Chile	C. Peso	(Bk) 16.55 (T) 16.55
China	Renminbi Yuan	3.8891
Colombia	C. Peso	(P) 66.35
Comoro Is	C.F.A. Franc	451½
Congo (B'ville)	C.F.A. Franc	451½
Costa Rica	Colon	17.3462
Cuba	Cuban Peso	1.6757
Cyprus (S)	Cyprus £	0.7946
Czechoslov'kia	Koruna	(com) 11.90 (n/c) 28.60 (T) 20.78
Dahomey	C.F.A. Franc	451½
Denmark	Danish Kroner	12.46½
Dominica (S)	E. Caribbean $	[illegible]
Domin. Rep.	Dominican Peso	[illegible]
Ecuador	Sucre	[illegible]
Egypt	Egyptian £	[illegible]
Ethiopia	Ethiopian $	[illegible]
Equ'l Guinea	Peseta	120.70
Falkland Is.	Falkland Is. £	1.0
Faroe Is.	Danish Krone	12.46½
Fiji Is. (S)	Fiji $	[illegible]
Finland	Markka	7.83
France	French Franc	9.05
Fr. C'tyIn Af.	C.F.A. Franc	451½
Fr. Guiana	Local Franc	9.05
Fr. Pac. Is.	C.F.P. Franc	[illegible]
Gabon	C.F.A. Franc	451½
Gambia (S)	Dalasi	[illegible]
Germany (East)	Ostmark	[illegible]

Place and Local Unit		Value of £ Sterling
Germany West	Deutschemark	5.32¾
Ghana (S)	Cedi	2.32
Gibraltar (K)	Gibraltar £	1.00
Gilbert & Ellice Is (S)	Aust. Dollar	1.6070
Greece	Drachma	71.770
Greenland	Danish Kroner	12.46½
Grenada (S)	E. Caribbean $	4.90
Guadaloupe	Local Franc	9.05
Guam	U.S. $	2.0170
Guatemala	Quetzal	2.0170
Guinea Rep.	Syli	n.a.
Guinea Bissau	●●	●●
Guyana (S)	Guyanese $	5.1559
Haiti	Gourde	10.0850
Honduras Rep	Lempira	4.03
Hong Kong (S)	H.K. $	10.20
Hungary	Forint	(com) 37.87 (n/c)(T) 46.06
Iceland (S)	I. Krona	338.20
India (S)	Ind. Rupee	18.092
Indonesia	Rupiah	837.0058
Iran	Rial	(A)139
Iraq	Iraq Dinar	0.597
Irish Rep K	Irish £	1.00
Israel	Israel £	14.3605
Italy	Lira	1,380½
Ivory Coast	C.F.A. Franc	451½
Jamaica (S)	Jamaica Dollar	1.8358
Japan	Yen	[illegible]
Jordan (S)	Jdn. Dinar	0.650(sg)
Kenya (S)	Ken. Shilling	16.6711
Korea (Nth)	Won	n.a.(g)
Korea (Sth)	Won	977.32
Kuwait (S)	Kuwait Dinar	0.583
Laos	Kip	n.a.
Lebanon	Lebanese £	4.70
Lesotho	S. African Rand	1.7544
Liberia	Liberian $	2.0170
Libya	Libyan Dinar	(P)0.59712
Liechtenstein	Swiss Franc	5.32¼
Luxembourg	Lux Franc	80.10
Macao	Pataca	12.7325
Madeira	Portug'se Escudo	54.90
Malagasy Rp.	Mlg Franc	451½
Malawi (S)	Kwacha	1.8101
Malaysia (S)	Malaysian $	5.2250
Maldive Is (S)	Mal Rupee	n.a.
Mali Rp.	Mali Franc	903.0
Malta (S)	Maltese £	0.8173
Martinique	Local Franc	9.05
Mauritania	Ouguiya	◆
Mauritius (S)	M. Rupee	13.55
Mexico	Mexican Peso	25.26
Miquelon	C.F.A. Franc	451½
Monaco	French Franc	9.05
Mongolia	Tugrik	[illegible]
Montserrat	E. Caribbean $	4.90
Morocco	Dirham	[illegible]
Mozambique	Moz. Escudo	54.90
Nauru Is.	Aust. Dollar	1.6070
Nepal	Nepalese Rupee	[illegible]
Netherland	Guilder	[illegible]
Neth. Ant'les	Antillian Guild.	[illegible]
New Hebrides	Franc / Aust. Dollar	[illegible]
N. Zealand (S)	N.Z. Dollar	[illegible]
Nicaragua	Cordoba	[illegible]
Niger Rp	C.F.A. Franc	451½
Nigeria (S)	Naira	[illegible]
Norway	Norw. Krone	[illegible]
Oman Sultanate	Rial Omani	[illegible]
Pakistan	Pkst. Rupee	[illegible]
Panama	Balboa	[illegible]
Canal Zone	U.S. $	2.0170
Papua N. Guinea	Kina	[illegible]

Place and Local Unit		Value of £ Sterling
Paraguay	Guarani	251.75
P'pl's D. Rp. of Yemen (S)	S. Yemen Dinar	(A)0.70
Peru	Sol	exc.A80.77 (A) 90.77
Philippines	Ph. Peso	15.1700
Pitcairn Is. (S)	£ Sterling	—
	New Zealand $	1.5377
Poland	Zloty	(B)40.06 (T)60.40
Portugal	Port. Escudo	54.90
Port Timor	Timor Escudo	54.90
Principe Isle.	●●	●●
Puerto Rico	U.S. $	2.0170
Qatar (S)	Qatar Ryal	[illegible]
Reunion Ile de la	French Franc	9.05
Rhodesia	Pound ●	n.a.
Romania	Leu	(cm) 18.16 (n/c)(T) [illegible]
Rwanda	Rwanda Franc	[illegible]
St. Christopher (S)	E. Caribbean $	4.90
St. Helena (S)	£ Sterling	—
St. Lucia (S)	E. Caribbean $	4.90
St. Pierre	C.F.A. Franc	451½
St. Vincent (S)	E. Caribbean $	4.90
Salvador El	Colon	5.04
Samoa (Am.)	U.S. $	2.0170
San Marino	Italian Lira	1,380½
San Tome	●●	●●
Saudi Arabia	Ryal	7.15
Senegal	C.F.A. Franc	451½
Seychelles	S. Rupee	13.55
Sierra Leone (S)	Leone	2.0
Singapore (S)	Singapore $	5.0595
Somali Rep.	Som Shilling	(A)12.65(sg)
Sth. Africa (S)	Rand	1.7544
S. W. Africa Territories (S)	S. A. Rand ‡	1.7544
Spain	Peseta	120.70
Span. Ports in North Africa	Peseta	120.70
Sri Lanka (S)	S. L. Rupee	15.5800(sg)●●
Sudan Rp.	Sudan £	(A)0.703(sg)
Surinam	S. Guilder	3.6104
Swaziland (S)	Lilangeni	1.7544
Sweden	S Krona	8.91¼
Switzerland	Swiss Franc	5.32¼
Syria	Syria £	(A)7.36(sg)
Taiwan	New Taiwan $	[illegible]
Tanzania (S)	Tan. Shilling	16.965
Thailand	Baht	41.082
Togo Rp.	C.F.A. Franc	451½
Tonga Is. (S)	Pa'anga	1.5788
Trinidad (S)	Trin. & Tobago	[illegible]
Tunisia	Tunisian Dinar	0.840(sg)
Turkey	Turkish Lira	[illegible]
Turks & Caicos	U.S. $	2.0170
Uganda (S)	Ug. Shilling	16.6711
Utd. States	U.S. Dollar	2.0170
Uruguay	Uruguay Peso	[illegible]
Utd. Arab Emts.	U.A.E. Dirham	[illegible]
U.S.S.R.	Rouble	[illegible]
Upper Volta	C.F.A. Franc	451½
Vatican	Italian Lira	[illegible]
Venezuela	Bolivar	[illegible]
Vietnam (Nth)	Dong	[illegible]
Vietnam (Sth)	Piastre	[illegible]
Virgin Is. U.S.	U.S. Dollar	2.0170
Western Samoa (S)	Samoan Tala	[illegible]
Yemen	Ryal	[illegible]
Yugoslavia	New Y Dinar	[illegible]
Zaire Rp.	Zaire	[illegible]
Zambia (S)	Kwacha	[illegible]

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

** Rupees per pound. Tourists visiting Sri Lanka receive a premium of [illegible] per cent.

● A general currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17, 1970. Recent reports suggest a rate of about [illegible] Rh dollars to £1.

◆ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Fr5.0 to one unit of the new currency.

‡ General rate: oil and iron exports [illegible].

† The Mongolian tugrik has lately been reported to stand at an official commercial rate of [illegible] Russian roubles, the North Vietnam dong at [illegible] roubles, and the North Korean won at [illegible] roubles. With the pound standing at 1.53 roubles, the following relationships could be calculated for the pound: [illegible].

●● Information not available for this edition.

Rate is the Transfer market (controlled).

Rate now based on 2 Barbados $ to the dollar.

Special Financial Rate 120.70.

Australian dollar remains in circulation.

Now one official rate.

COMPANY NEWS

Revenue profit warning by Capital & Counties

NET ATTRIBUTABLE group revenue profits of £377,000, attributable realised net capital losses of £1,129,000 and unrealised capital losses of £1,887,000, are reported by Capital and Counties Property for the half-year to September 29, 1975.

Sir Richard Thompson, chairman, in his interim report, recalls the warning in his recent annual statement that though much had been achieved on the financial front, much remained to be done.

Progress is being made, he now says, but the current problems are illustrated by the small revenue profit announced—and, he adds, the second half outlook is such that "it is unlikely that a significant profit will be made for the year as a whole." The revenue profit balance for the year to March 25, 1975 was £1.1m.

The total capital loss for the first half of £3m. compares with £3.79m. for the same period of 1974-75. Capital losses for all that year were £25.19m., as shown in the table. The first half capital loss was after charging the "very substantial" costs of completing financial re-arrangements, and crediting the profit on redemption of debentures which was a part of these re-arrangements.

Sir Richard reports that Union Corporation has now indicated that it will not be exercising its option to call for the rights issue referred to in the last directors' report.

He adds that in accordance with the policy of reducing the overall level of group borrowings, the directors are proceeding with further disposals, and have agreed in principle "satisfactory" terms for the financing of the Newcastle project, the single remaining major development in the U.K.

Basic revenue earnings for the first half are shown at 0.50p (0.61p) per 25p share. There is no interim dividend—for the previous year there was a single token payment of 0.01p per share.

	Six months 1975 £000	1974 £000	Year 1974-75 £000
Revenue profit and loss:			
Profit	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	14,934
Leasing	[illegible]	[illegible]	[illegible]
Share of assoc.	547	*100	*47
Profit before tax	2,508	3,131	4,301
Tax	1,998	2,891	[illegible]
Minorities	451	79	295
Attributable	377	461	1,110
Pref. dividends	3	3	7
Ordinary	—	—	7
Retained	374	458	1,096
Capital profit and loss:			
Realised profit	532	[illegible]	*6,427
Tax	1,698	594	3650
Net loss	1,148	*3,443	3,795
Minorities	17	—	61
Attributable loss	1,129	*3,443	3,540
Unrealised loss	1,887	[illegible]	19,344
Total capital loss	3,016	3,794	25,193
Stockholders' Funds:			
At commencement of period	53,790	121,851	[illegible]
Retained cap. loss	3,016	3,794	25,193
Retained rev. profit	374	458	1,096
Increase in contingent tax reserve	96	214	‡11,986
Total funds	51,244	118,731	53,790

* Losses. † Profits. ‡ Decrease. § Credit.

Comparative figures for 1974 six months have been adjusted to reflect changes in accounting policies adopted in accounts for year 1974-75.

Completed investment properties have been included in accounts for September 1975 period at independent professional valuations as at March 25.

See Lex

31, 1974 are now with the printers, and it is expected that copies of the accounts will be posted to shareholders by December 20, thereby enabling the temporary suspension of the listing of the Ordinary shares to be removed on December 22.

A preliminary announcement in respect of the accounts will be made to-day.

RHP sees lower earnings

BECAUSE OF the recession, Mr. G. W. Barlow, chairman of Ransome Hoffmann Pollard, tells members, it seems inevitable current year earnings will be reduced.

However, benefits of the prolonged investment programme, plus several other factors, will combine to limit the impact of the recession and place the group in a "very" strong position to produce even better results than those of 1974-75, as soon as world markets recover.

Despite the heavy investment programme last year — £4m. (£1.9m.) was spent compared with depreciation allowances of £1.6m. —borrowings were held at £3.06m. The group has now concluded its first five-year capital investment programme (totalling £14m.).

The chairman says it is intended to proceed with further substantial capital investment with the aim of expanding capacity in those sectors of the bearing industry in which RHP has an important position and where it feels it can sell more products overseas.

Special loan facilities have been granted by the Government for up to £4.9m. on concessionary terms to be invested in the next two years.

Mr. Barlow assures holders that the cash position is sound.

As reported, group pre-tax profits for the year ended October 3, 1975, expanded from £2.81m. to £3.85m.; and the dividend is raised from 2.93123p to 3.12615p net.

The report again contains inflation adjusted accounts which show pre-tax profits on a CPP basis at £5.64m. (£3.69m.). Earnings per share are given at 13.7p (10.6p) basic and 11.1p (8.4p) diluted.

Meeting, Quaglino's, S.W., January 13, at noon.

Chairman's statement, Page 21

company continues to rank high among U.K. companies in the profitable use of assets, but there is room for improvement and the chairman is confident that "significant" progress will be made by the year-end.

He reports that reduced demand in the home market is enabling the power transmission division to improve its service, while allowing the international side to attack more vigorously some of the more established overseas markets, and to look further afield at markets in which the group has not previously participated to any marked degree.

As reported, group pre-tax profit expanded from £4.3m. to £5.53m. in the year ended August 31, 1975, and the dividend is raised from 4.69p to 5p net. In addition a rights issue to raise £4.35m. is proposed, and a dividend total of 6p is envisaged on the higher capital.

The chairman says the general decline in business activity has required some reappraisal of capital investment priorities. Within the group's sphere there is no shortage of opportunities for profitable use of capital and it is intended to continue a consistent policy of expansion through investment in those areas where adequate returns can be reasonably assured. For this reason the permanent capital base is being broadened through the rights issue.

Meeting, Leed, January 7, at 2.30 p.m.

Very active trading at UCM

In a statement at the annual meeting of United City Merchants, chairman Eric Sosnow said that over the last six months the group had enjoyed a period of very active trading.

He expected, therefore, that when figures for the six months were published, the second half of 1975 would show a "very substantial" improvement over the first half of the current year.

Mr. Sosnow said he hoped this trend would continue, and in 1976 he looked to a new record figure.

A. Russell midway upturn

TURNOVER for the half year to September 30, 1975 of Alexander Russell increased from £3.23m. to £4.13m., and pre-tax rose from £218,623 to £207,712.

The interim dividend is lifted from 0.9p to 1.038p net per 10p share—total for the year to March 31, 1975 was 1.6785p from profits of £353,520. The company distributes coal, oil and building supplies and is engaged in quarrying.

	Half-year 1975 £	1974 £
Turnover	4,132,183	[illegible]
Pre-tax profit	207,712	218,623
Taxation	154,318	113,864
Minorities	12,649	4,737
Attributable Ordinary	127,629	97,357

Fenner's growth potential

IN HIS annual statement Mr. Joseph Palmer, chairman of J. H. Fenner and Co. (Holdings), says the heavy investment programme of the past few years gives the group substantial potential for future expansion and, provided the freedom is there to develop it, he sees no reason why "we should not continue to prosper."

Current plans envisage further growth in the current year. The

Hall and Earl

Fabric and garment manufacturers, Hall and Earl, a "close" company controlled by Readson, reports turnover up from £3.31m. to £3.88m. for the six months to September 30, 1975, and pre-tax profits of £265,262, against £219,906. Earnings are shown at 0.83p per 5p share compared with 0.85p.

Tax takes £138,000 (£114,000) and extraordinary items—in respect of compensation on termination of service agreements—£27,200. After minorities of £770 (£4,284) the amount attributable to the company is down from £101,622 to £99,282.

Roberts Adlard

Bearing in mind the acute recession in the construction industry, the directors of Roberts Adlard, roofing builder's merchants, etc., consider the first half 1975 profits—£154,000 compared with £185,000 as reported—to be at a satisfactory level.

They again stress that interim figures are not necessarily an indication of the full year's result. The profit for 1974 was £326,437.

Ben Williams cautious

Mr. E. H. Williams, chairman of Ben Williams and Co., "Evron" clothing manufacturers says in his interim statement that the directors are anticipating a slight improvement in turnover for 1975.

But until there is a general upturn in retail trading it would be both impossible and unwise to attempt to forecast the trading results for 1976, except that margins will continue to be under pressure.

Changes at Polymark

Polymark announces a reorganisation of the group structure. The name of the parent will be Polymark International and its function will be a holding instead of a trading company.

Polymark Limited will be responsible for trading in the U.K., and the U.K. division, manufacturing Transtat heat transfers, has been established as an independent subsidiary company, Polymark (Transtat).

Mr. D. F. Cowne, general manager of the Transtat division, and Mr. D. Mitra, the buyer, have been appointed to the Board of Polymark Limited.

Motor Rail accounts

The directors of Motor Rail say that final proofs of the accounts for the 12 months ended August

APPOINTMENTS

Unilever group Board changes

Mr. G. K. G. Stevens

Mr. G. K. G. Stevens, chairman of Langnese-Iglo GmbH, Germany, is to be nominated as a director of UNILEVER and UNILEVER NV for election at the annual meetings in May.

Mr. A. I. Anderson and Mr. R. H. Del Mar will retire as directors of both companies in 1976 and will not offer themselves for re-election at the meetings. Mr. Anderson will then have served Unilever for more than 40 years and Mr. Del Mar for 39 years, and both will have reached the age at which it is customary for members of the parent Boards to retire.

Mr. H. Holmes will retire as a secretary of the two concerns next year. It is intended to appoint Mr. J. D. Keir to succeed him.

★

Mr. Richard W. Strehle has joined the London securities office of BACHE AND CO. as an institutional representative. He was formerly with Hill Samuel in New York.

★

Mr. D. Warren has been appointed chairman of COURTAULDS Viscose Division Board. He succeeds Dr. N. S. Wooding who continues as main Board director responsible for the group's viscose operations.

★

Mr. Clive R. Reid, chief accountant of ARCHIE KIDD, is to join the Board from January 1.

★

Sir Clifford Dove, Mr. J. A. Howard, Mr. I. A. Robertson and Mr. D. E. Wratten have been appointed directors of JOHN HOWARD AND CO. INTERNATIONAL.

★

Mr. Roger N. M. Ward has succeeded Mr. G. J. Keen as chairman of the INTERNATIONAL STEEL TRADE ASSOCIATION. Mr. Alan Lazarus has been appointed chairman elect and Dr. H. Edmonds treasurer.

★

Mr. E. H. Olsen has been appointed deputy managing director of McARTHUR BEATTIE AND CO.

★

Mr. N. Binns Taylor, managing director of RONSHEIM AND MOORE, a member of the Hickson Group, has retired and is taking up an appointment with the Austrian trade delegation.

★

Mr. A. E. Thoroughgood, general manager of MUNICIPAL MUTUAL INSURANCE, has been appointed to the Board of managing trustees of the company.

★

Mr. William L. Strong has been elected by the FIRESTONE TIRE AND RUBBER COMPANY as senior vice-president in charge of finance from January 1.

★

Mr. L. Rabeneck is to be appointed overseas director of PORTALS WATER TREATMENT and will have line responsibility for all overseas subsidiary companies, with the exception of Houseman Hegro B.V.

Also on the Board of Portals Water Treatment will be the following executives in their newly-appointed positions: Mr. K. J. Deniells, managing director Houseman Hegro; Mr. A. A. Lemon, managing director Paterson Candy International; Dr. E. W. Jackson, managing director Permutit-Boby; Mr. R. A. Gardener, managing director Portacel; Dr. T. V. Arden, managing director Water Treatment Advisory Services; and Mr. J. E. Lloyd, managing director Zerol

Other members of the Board the company will be Mr. J. J. L. Sheffield, Mr. J. W. Mather, M I. G. R. Adams and Mr. A. Clark.

The appointments take effe from January 1 and Portacel a Water Treatment Adviso Services will become subsidiari Portals Holdings is the pare concern.

★

Mr. A. P. La Roche, assistant the directors of ALLEN HARVE AND ROSS, has been appoint a director of the company. M A. Baldwin, Mr. T. B. E. Eugste Mr. A. R. W. Littleton and M M. J. Peters have become assi tants to the directors.

★

Air Chief Marshal Sir Andre Humphrey is to be promoted the rank of Marshal of the Roy Air Force on August 6, 1976, an to be Chief of the Defence Sta from October in succession Field Marshal Sir Michael Carve Air Chief Marshal Sir Ne Cameron will be Chief of the A Staff from August 7 in successio to Sir Andrew. General Sir Rolan Gibbs will be Chief of the Gener Staff in July, 1976, in successio to General Sir Peter Hunt, who to retire.

★

Mr. M. S. Lea, a director c BLACKMAN AND CONRAD ha been appointed to the newly created post of group financia director from January 1.

Long range weather forecast

AFTER A rather cold, dry start, most Central and Western areas of the U.K. will become milder and wetter during the next 30 days.

This forecast was issued yesterday by the Meteorological Office which expects Eastern Britain to remain mostly rather cold with fog and frost at night. Mean temperatures are expected to be above average in Western areas, near average in Central and Southern England but below average in Eastern Britain.

Rainfall will be below average in Eastern Britain, but average elsewhere.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Profits to rise further at Deutsche Bank

BY NICHOLAS COLCHESTER

BONN, Dec. 15.

DEUTSCHE BANK, West Germany's largest commercial bank, is clearly headed for another substantial increase in profit this year. Franz Ulrich, chairman, told the Press last Thursday that operating profits in the first ten months were DM472m., or almost 10 per cent. up on the equivalent figure for 1974. He said that the bank would thus be able to pay a maintained dividend of 20 per cent. and strengthen its reserves further.

The interim report shows that Deutsche Bank's net interest income rose by 4.3 per cent. to DM1.415bn. This rise took place because, while the bank's interest inflow on loans dropped by 17.5 per cent. to DM2.737bn., it payments on deposits and borrowings fell by 28 per cent. to DM1.562bn. At the same time Deutsche Bank's volume of extended credit rose by 3.6 per cent. over the first 10 months of this year to DM32.07bn. The greater part of this growth took place in the autumn.

The bank has done well out of its "service" business this year. Service income in the first 10 months was DM428m. and 13.4 per cent. higher than the equivalent figure for 1974. The most important factor here was the expansion in the bank's security transactions for customers where turnover was 75 per cent. above last year's. The higher service earnings of Deutsche Bank's foreign operations also made a contribution.

The overall administrative and running costs in the first 10 months were up by 5.1 per cent. to DM1.37bn., of which wage costs accounted for DM1.103bn.—up 3.3 per cent. The bank's balance-sheet total grew by 5.7 per cent. to DM53.2bn. in the first 10 months of the year. Its growth reflected the recession and the incipient recovery: for after a small fall in the first half of the year, it then expanded in the second six months.

Ruhrkohle breaking even

BY GUY HAWTIN

FRANKFURT, Dec. 15.

RUHRKOHLE, by far West Germany's largest coal producer, expects to end 1975 at around the break-even point. The forecast was made by Dr. Karlheinz Bund, Executive Board chairman, in an article in the concern's house magazine.

Dr. Bund said that the year had been a difficult one but the nadir appeared to have been reached. The concern had reacted quickly to economic conditions and output for the year was likely to decline to around the 70m. tonnes mark.

The coming year was not expected to be an easy one, but Ruhrkohle believed it now had a grip on the situation. Its defensive posture would be considerably helped by the Federal Government's decision to establish a 10m. tonnes national coal reserve.

Ruhrkohle's news is doubly reassuring because it has produced substantial deficits for a number of years. During 1974 the situation was brought under control and the concern also felt the benefit of considerable price increases. This year performance appears to have been maintained despite heavy falls in energy demanded.

KSH to pass its dividend

BY MICHAEL VAN OS

AMSTERDAM, Dec. 15.

THE MANAGEMENT of Royal Scholten-Honig (KSH), the Dutch starch and foodstuffs group wants to pass its dividend for the financial year ended August 31, 1975. The company paid Fls.3.40 per share for 1973-74.

Ahead of the annual report, the company added in a short financial statement that the profit per share had fallen from Fls.7.54 to nil, on share capital which had raised by Fls.2.75m. Net profit was zero against Fls.17.1m. in 1973-74.

KSH, which makes more than half its sales outside Holland, said that the necessary selling price increases in the starch chemistry sector had been partially effected. "If the expected further selling price rises can be made in the next few months, and sales volume continues to increase, the operating result after interest could be positive in the year 1975-76 and so could the net result."

KSH sales to third parties rose very slightly in 1974-75 to Fls.881.2m. (Fls.877.5m.). Operating costs were Fls.822.9m. (Fls.796.6m.), and depreciation Fls.44.6m. (Fls.34.5m.), leaving an operating result before interest of Fls.13.7m. (Fls.46.4m.). Interest payable was Fls.27.7m. (Fls.18m.) and after adding the credit balance of special income/charges of Fls.12.9m. (Fls.0.4m.), KSH's pre-tax loss was Fls.1.1m. compared with a profit of Fls.28.8m. the year before. Tax relief was Fls.1.1m. against a charge of Fls.11.7m. in 1973-74.

The company has introduced extensive short-time working in the starch chemistry sector, and business setbacks particularly involved derivatives for the paper industry. In the starch sector, KSH is also working on a plan for the restructuring of its northern plants. "Apart from the present results, this plan takes into consideration the environmental investments in the years to come (about Fls.100m.) as well as by the EEC starch regulations, which were changed considerably during 1974-75 at the expense of the industry," KSH said in October.

Incentive buys into Abu

BY JOHN WALKER

STOCKHOLM, Dec. 15.

INCENTIVE, a Swedish investment and industrial development company in the Wallenberg group has purchased 60 per cent. of the shares of Abu, a family owned manufacturer of sports fishing equipment with a world-wide reputation.

With the backing of Incentive, Abu should be able to enlarge its planned expansion programme particularly in overseas markets. The company is already market leader in Scandinavia and occupies a strategic position in the U.S., Britain and Japan. Last year Incentive group sales were Kr.1.3bn.

Abu sales should amount to about Kr.130m. (£14m.) for the whole of this year, and some 80 per cent. of this is exported. Its main production is concentrated on high precision casting reels, fixed spool reels and lures. Production amounts to approximately 1.5m. reels, some 500,000 rods and at least 6.5m. lures.

As a family concern owning all the Abu equity, the family has had the inevitable problem of meeting death duties. Last year Gota Borgstrom, son of the founder of the company died leaving his wife, son and daughter as the beneficiaries. It is reported that about Kr.10m. (£1.1m.) would be needed to meet this commitment, thus putting a strain on the company's financial resources.

One of the main factors contributing to Abu's success has been the consistently high quality of its products. Abu has produced tailor-made equipment for special markets such as for "match fishing" in England. Abu also holds one of the leading positions in the multiplyer reel market in the U.S.A. Following the deal with Incentive, the Abu Board will remain unchanged.

Credit Lyonnais unit bids for CLAM

PARIS, Dec. 15.

France's nationalised bank Credit Lyonnais has said that its subsidiary, Ste d'Investissements Financieres, Industriels et Commerciaux (SINFIC), is offering to buy all the outstanding shares of Caisse de Liquidation des Affairs en Marchandise (CLAM) at Frs.100 per unit.

CLAM is the former clearing house for transactions on the Paris commodity market. Credit Lyonnais said that its offer will run for 15 consecutive Bourse trading sessions once it is formally published by the Brokers' Association.

Trading in CLAM has been at a standstill since last June when the shares were quoted at Frs.89. Credit Lyonnais said its offer is at the request of the French authorities in order to speed a reopening of the Paris International White Sugar Futures Market, whose operations were suspended in December 1974.

Credit Lyonnais added that the offer is also backed by Assurances Generales de France, Banque de Paris et des Pays Bas and Ste Generale.

Informed sources said the backers of the move have already ceded 67 per cent. of CLAM's issued capital of 120,000 shares of Frs.37.50 nominal.

The offer is intended for minority shareholders and they will rank for an extra pay-out if the winding-up of CLAM produces any surplus assets.

Meanwhile, a Commerce Ministry spokesman said the sugar market is now likely to reopen around January 19. Reuter

Pernod bid approaches successful

By Rupert Cornwell

PARIS, Dec. 15.

PERNOD-RICARD, the French drinks group, has succeeded in takeover bids for its two smaller rivals, Cusenier and Distilleries Reunies, announced some seven weeks ago.

This afternoon Pernod declared it had acceptances for 91 per cent. of Cusenier and for 95.5 per cent. of Distilleries Reunies. Control of Cusenier will also secure it a majority stake in the larger concern of CDC, responsible in France for such brands as Cinzano, Dubonnet and Byrrh.

The result means that Pernod-Ricard becomes easily the largest drinks group on the Continent of Europe, with annual sales in excess of Frs.3bn. It is not clear, however, whether it plans a further offer to acquire the 46.4 per cent. of CDC remaining in other hands.

At the end of October Pernod bid six of its own shares plus Frs.40 in cash for every five Cusenier shares. For every four Distilleries Reunies shares, three Pernod-Ricard were offered, as well as Frs.8 in cash.

Daimler shares sell-out

By Nicholas Colchester

BONN, Dec. 15.

AS EXPECTED, to-day's offering of 2m. shares in Mercedes-Automobil-Holding AG, each essentially equivalent to a share in Daimler-Benz, was a sell-out. In the late afternoon the shares were changing hands privately at up to DM317 each, compared with an issue price of DM305.

Probably because of the competition from the lower-priced Mercedes shares, Daimler-Benz shares lost some DM8 in early trading to DM335, but later they strengthened and were standing at DM339 near the close.

Mercedes-Automobil-Holding will own 25.23 per cent. of Daimler-Benz when the Deutsch Bank makes over to its the major part of the block which it bought from the Flick family early this year.

Schneider sees lower profits

PARIS, Dec. 15.

SCHNEIDER SAID it expects that 1975 consolidated profits will be noticeably lower than in 1974, reflecting a decline in activity, especially in the steel sector.

The company made the forecast in its first publication of consolidated figures. These show a net consolidated profit for 1974 of Frs.122m., or Frs.44.30 per share. Reuter

Calm stock market reaction to Australian election result

BY JAMES FORTH

SYDNEY, Dec. 15.

AUSTRALIAN sharemarkets took the massive week-end electoral victory of the Liberal-National Country Party calmly when trading resumed to-day. Despite many expectations that the market would surge, prices showed only a brief flurry before settling. While rises topped falls for the day, the Sydney All Ordinaries Index only edged up marginally from 440.18 points to 440.53.

Observers who expected a strong rally based their belief on the LNCP's commitment to resuscitate private enterprise and rein back on government spending. What they may have ignored is the stock market tendency, common in the U.K. as well as in America, to move on anticipation.

Among the election promises were generous investment allowances, a commitment to introduce indexation of company depreciation charges and to allow adjustment of stock values to account for inflation, tax concessions for small businesses, abolition of the prices justification tribunal and temporary suspension of quarterly company tax payments.

However, these measures have been known for some weeks and share prices have enjoyed a strong rally in that time.

Areas where investors expected a more sympathetic Government response also behaved erratically. Woodside-Burmah, a partner in the north west shelf natural gas fields, was a good example.

Initial enthusiasm that the partners may soon be able to announce development plans resulted in the shares opening at $A1.52 before weakening to close at $A1.35, a rise of only 10 cents on the day. Uranium stocks, another area where development is expected to be speeded up, behaved in a similar manner.

TNT to raise $A8m.

BY JAMES FORTH

SYDNEY, Dec. 15.

THOMAS Nationwide Transport, Australia's largest transport group, plans to raise $A8m. with an issue of convertible notes. The issue surprised the market because it came ahead of promises that the new Liberal-National Country Party Government planned changes to convertible issues designed specifically to help companies obtain finance for investment and expansion. The LNCP promised during the election campaign to relax restrictions on tax deductibility of interest from convertibles from January 1 but did not spell out any details.

Convertibles were a popular form of financing in the 1950s but tax deductibility was removed in 1960 because many companies were using it simply as a means of tax avoidance rather than a legitimate means of corporate funding. Deductibility was reintroduced in 1970 with more stringent requirements laid down.

Major changes included the clause that convertible issues could not last longer than seven years. Holders also had to have the right to accept cash rather than convert and there had to be a minimum conversion price equal to 90 per cent. of the market price at the time of issue.

While the Government's intentions have not been spelt out in detail it may be that the TNT issue is designed to benefit by them. The books to decide shareholders' entitlements do not close until January 9 and subscriptions are not due until February 6.

The notes will be offered on the basis of one note for every 12 shares and will carry an interest rate of only 9.75 per cent. The notes convert on a one-for-one basis to shares in any January between 1978 and 1985. The conversion price is $A1.60, or 10 cents above the current market level.

Suspension ordered for Mosbert

HONG KONG, Dec. 15.

HONG KONG's Security Commission has ordered a suspension of trading in the shares of Mosbert Holdings, a Singapore-based finance company run by Amos Dawe. The commission said the suspension was effective pending "further clarification of the financial position of the company." A spokesman declined to elaborate further and officials of Mosbert Holdings in Hong Kong refused to comment. Business sources added that Amos Dawe is now in London.

Banking sources said the commission had requested certain information from the company that was withheld. Publication of Mosbert Holdings' accounts for 1974 was overdue and the meeting of the company's board earlier this month had been adjourned without a financial statement being approved.

Mosbert Holdings shares, which touched $HK3.50 soon after they were listed on Hong Kong's three stock exchanges, were quoted at HK15 cents when trading was halted last Thursday.

National Industries of Singapore (NIS), an associate of the Mosbert Group was reported to have been placed in receivership in Singapore a week ago. The action apparently followed the failure of NIS to repay $2.3m. owed to the Moscow Narodny bank.

In Singapore, trading in Mosbert shares was suspended at the company's request on December 1.

The company informed the Stock Exchange in Singapore that "Efforts are in progress to arrange financing for the group, and in this conection the chairman, Amos Dawe, is in London holding talks with the parent company's principal bankers." The group's principal bankers are the Moscow Narodny bank.

NIS informed the Singapore Stock Exchange on December 10 "That Peter Chi Man Kwong has been appointed receiver and manager of Simalpan Steel Industries, a subsidiary of National Industries, under the terms of debentures held by the Hong Kong and Shanghai Banking Corporation," the Exchange stated.

AP-DJ

Merrill Lynch London move

BY MICHAEL BLANDEN

MERRILL LYNCH, the biggest Wall Street broker, is to increase its stake in the joint Merrill Lynch-Brown Shipley London-based banking operation from 74 per cent. to 95 per cent.

Mr. Harry B. Anderson, chairman and chief executive officer of Merrill Lynch International, explained yesterday that the move formed part of the group's plans for further development of its extensive international operations.

It is intended to change the bank's name to Merrill Lynch International Bank. Brown Shipley, the merchant bank which originally set up the bank as a joint venture with the U.S. group will retain a 5 per cent. stake and a Board representative, and is expected to continue to provide advice, particularly on U.K. situations.

The plans, subject to official approval, will involve Merrill Lynch International buying 21 per cent. out of Brown Shipley's present 26 per cent. holding for an undisclosed sum.

This deal and the change of name are expected to take place about the end of this year. At the same time, it is intended that nw capital will be injected into the bank in the form of Subordinated Convertible debenture, lifting the capital from around £4m. to some £6.5m.

Mr. Anderson commented that the move reflected the increasing centralisation of Merrill Lynch's international financial activities in London.

Litton's longer term confidence

BEVERLY HILLS, Dec. 15.

LITTON INDUSTRIES will be in an increasingly strong position to show better profits as the economy improves, Chairman Charles Thornton told the annual meeting.

Mr. Thornton added that he feels "confident and somewhat optimistic about the longer term outlook" for the company.

Litton President Fred O'Green also told shareholders the company expects to see a continuing improvement in its operations.

Neither official gave any specific forecasts at the meeting.

Litton recently reported fiscal first quarter to October 31 per share earnings of 22 cents against 20 cents previously. Reuter

Good gains at Assoc. Engineering

By Richard Rolfe

ASSOCIATED Engineering of South Africa, the motor components group which is a subsidiary of Associated Engineering, has turned in a useful improvement in performance for the year ended September 30. Sales are up from R37.5m. to R43.5m. and pre-tax profits from R2.7m. to R3.2m. After a lower proportionate tax charge, earnings show an improvement from R1.6m. to R2m. or from 54.6c to 65.5c per share. The dividend has been raised 3½c to 26c and the shares, at 225c, yield 11.6 per cent.

Since a severe dip in earnings and a reduced dividend in 1971, AE has recovered well in South Africa and, along with Burmah's subsidiary Quinton Hazell now dominates the local motor components market.

It is also a strong advocate, in contrast to most of the car manufacturers, of the official local content programme. It has given priority in recent years to shortening the debtors book and minimising stockholdings, though the imported content has not always made this easy. However, the improvement in sales margins over the past year from 8.2 per cent. to 8.5 per cent. shows some success on both fronts during what has not been an easy year.

HB Oil & Gas bid approved

Financial Times Reporter

CALGARY, Dec. 15.

HUDSON'S BAY Oil and Gas Company has announced that approval has been granted under the Foreign Investment Review Act in Canada for its proposed purchase from Sulpetro of Canada of part of that company's holding of petroleum and natural gas rights.

The properties involved are Sulpetro's net interests, averaging 36 per cent., in 1.3m. acres of petroleum and natural gas rights in Alberta which include 1.1m. acres of exploratory lands and approximately 200,000 acres of developed and partially-developed lands.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Aquitaine 10pc 1985	101½	102½
Ashland 9pc 1987	99½	99¾
Austraswiss 8pc 1987	99½	99½
Borregaard 8½pc 1989	95	96
Broken Hill 10pc 1980	101½	102½
Carrier 8pc 1987	89	90
Conoco 8pc 1988	97	98
Consd. Foods 7½pc 1991	96½	97½
Cutler Hammer 9pc 1987	91½	92½
EIB 9¾pc 1985	101½	102½
ERAP 9½pc 1985	100½	101½
Esso 8pc 1986 Nov.	98	99
General Cable 8½pc 1987	89½	90½
General Motors 8¾pc 1985	101½	102½
Granges 9½pc 1985	90½	91½
GTE 8¾pc 1986	95½	96½
New Zealand 9¾pc 1982	101½	102½
Pacific Light 8pc 1985	89½	90½
Prov. of Quebec 7½pc 1988	87½	88½
Quebec Hydro 8½pc 1989	88	89
Queensland 8½pc 1987	89	90
Scanraff 8½pc 1988	97	98
Shell 8pc 1986	96	97
Stand. Oil (Ind.) 9½pc 1980	99	100
Tenneco 7½pc 1987	87	88
Transocean 8pc 1986	87½	88½
Utah 8pc 1987	92½	93½
Volvo 9½pc 1988	100½	101½
NOTES		
Air France 9½pc 1982	101½	102½
Ardal 9½pc 1980	100½	101½
Aust. Ind. Dev. 10½pc 1981	103½	104½
Barclays 9½pc 1982	99½	100½
Cie Nat. du Rhone 10pc '82	103	104
Du Pont 7½pc 1978	101½	102½
Esso 7½pc 1978	100½	101½
General Motors 8½pc 1976	100½	101½
Montreal 9¾pc 1981	101	102
Nippon Steel 9½pc 1980	99½	100½
Norway 9pc 1980	102½	103½
Skand. Enskilda 10½pc	104½	105½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	82½	84½
Ashland 5pc 1988	77	79
Beatrice Foods 4¼pc 1992	95	97
Beatrice Foods 4½pc 1993	102	104
Borden 5pc 1992	92	94
Broadway Hale 4½pc 1987	78	80
Canon Camera 7½pc 1990	95	97
Carnation 4pc 1987	84	86
Chevron 5pc 1988	93	95
Dart 4¾pc 1987	82	84
Eastman Kodak 4½pc 1988	115	117
Economic Labso. 4½pc 1987	78	80
Eidal 7¼pc 1989	69	72
Fed. Dept. Stores 4½pc '85	127	129
Firestone 5pc 1988	87½	89½
Ford 6pc 1986	87	89
Ford 5pc 1988	77	79
General Electric 4¼pc 1987	84	86
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	96	98
Gulf and Western 5pc 1988	83	85
Harris 5pc 1992	72	74
Honeywell 6pc 1986	78	80
ITT 4½pc 1987	66	68
Komatsu 7½pc 1990	101½	102½
J. Ray McDermott 4¾pc '87	113	115
Mitsui 7½pc 1990	101½	102½
J. P. Morgan 4½pc 1987	100	102
Nabisco 5½pc 1988	93	95
Owens Illinois 4½pc 1987	89	91
J. C. Penney 4½pc 1987	[illegible]	79
Pioneer 6¾pc 1989	127	[illegible]
Rank 4½pc 1985	42	44
Revlon 4½pc 1987	99	101
Sperry Rand 4¼pc 1987	88	90
Squibb 4¼pc 1987	88	90
Texaco 4¾pc 1988	73	75
Toshiba 6½pc 1990	101	103
Union Carbide 4½pc 1982	102	104
Warner Lambert 4½pc 1987	94	96
Warner Lambert 4½pc 1988	82	84
Xerox 5pc 1988	71	73

Source: Kidder, Peabody Securities.

Swiss bank with Italian participation

By John Wicks

ZURICH, Dec. 15.

THE SWISS-BASED Handelsfinanzbank, a joint venture of the Banca Commerciale, the Union Bank of Switzerland, the Swiss Credit Bank and the Sumitomo Bank, has acquired a "substantial" shareholding in the Fineurop Confirmec, of Milan. The Italian company is engaged mainly in financing the export activity of small and medium-sized Italian companies but also carries out large-scale export financing operations. Fineurop Confirmec is understood to be planning to participate more than it has done in the past in the issue of medium-term and long-term Euro-market loans.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Slightly firmer despite little news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 15.

A SLIGHTLY FIRMER tendency prevailed on Wall Street to-day, although there was little in the news to give investors encouragement.

The Dow Jones Industrial Average put on 3.78 to 836.59 and the NYSE All Common Index gained 12 cents to $46.38, although losses outpaced gains by 699-to-649. Trading volume expanded 816,000 shares to 13.96m.

The Commerce Department reported Business Inventories rose 0.7 per cent. in October while sales climbed 1.1 per cent., but analysts said that did not remove uncertainties about the state of the economy.

Investors were concerned about the Tax Bill and the Energy Bill. The President said he would veto the Tax Bill unless it is accompanied by a spending cut. The Energy Bill is expected to go to the President by mid-week.

General Motors gained $¾ to $57—it said early December U.S. car sales almost doubled the year earlier figure.

Amax lost $¾ to $45¾—a single block of 135,000 shares traded at $45.

J. C. Penney rose $1¼ to $49¾ on plans to open seven stores next month.

Avon Products put on $¾ to $35¾—Its agreement in principle to merge with Monarch Capital Corp. had been terminated.

ARA Services slipped $1¾ to $45¾ on its fourth quarter earnings of 70 cents ($1) per share.

Dome Mines gave up $1 to $92 and Campbell Red Lake $¾ to $17¾ on bearish comment.

Fairchild Camera eased $¾ to and Litronix sued Fairchild, alleging misappropriation of confidential information.

Robertson Distribution (over-the-counter), moved up $¾ to $21—it agreed to merger into Pakoed NV for $22 per share.

American Brands rose $1 to $38¼, Hanna Minings $1¾ to $43¾, Harris Corp. $1¾ to $32¼, Johns-Manville $1 to $23¼ and Raytheon $1¾ to $44¾.

J. M. Smucker declined $1¼ to $17¾, Akzona $1¾ to $19, Texas Commerce Bank $1¼ to $30¼, Cone Mills $1¼ to $32¾ and Conrack $1 to $26¾.

Woods Corp. advanced $1 to $6.

The American SE Market Value Index eased 0.02 to 81.90, with declines outnumbering advances by 356-to-258. Pan Ocean Oil, the most active issue, moved up $¾ to $10¾ on 59,000 shares.

OTHER MARKETS

Canada irregular

Canadian Stock Markets were irregular in light trading yesterday.

The Industrial Share Index firmed 0.02 to 172.02. Western Oils improved 1.05 to 200.07. Utilities hardened 0.15 to 124.02 and Banks put on 0.59 to 249.54. But Golds fell 6.60 to 235.41, Base Metals lost 0.45 to 72.91 and Papers eased 0.04 to 95.248.

Texaco (Canada) moved up $1¼ to $30, as did Vulvan Industrial Packaging to $16¼.

Husky Oil added $1 to $19.

Denison Mines gave way $¾ to $58¾—it will have to disclose uranium revenues under an Ontario Securities Commission Ruling.

Baton Broadcasting were up $¼ to $7¼ on 61,700 shares.

PARIS—Generally lower with fears of renewed inflation outweighing more positive economic factors, including a small November trade deficit and the Finance Minister's statement that the economy will be growing again next spring.

The downtrend was more pronounced in Foods, Electricals and Stores. Metallurgicals were only marginally easier.

In Foreign stocks, Americans, Canadians, Golds, Coppers and International Oils held their ground, but Germans were weak.

BRUSSELS—Narrowly mixed in very quiet trading.

U.K. and U.S. issues also were narrowly mixed. German and French shares slightly easier, Dutch stocks firmed, while Gold Mines were lower.

AMSTERDAM — Generally quietly mixed.

KSH fell on news that it will omit its dividend.

State Loans also were quietly mixed.

SWITZERLAND — Narrowly mixed, with operations reserved ahead of Christmas holidays.

Leading Banks were barely steady, while Industrials were narrowly mixed.

State Bonds were little changed in moderately active trading volume.

OSLO—Industrials were irregular, while Banks, Insurances and Shippings were quiet.

VIENNA — Generally steady, with major Banks slightly mixed.

COPENHAGEN — Narrowly mixed in fair dealings.

GERMANY — Predominantly lower on lack of interest.

Banks were unchanged to lower. Commerzbank declined DM1.70 to 209.20, Deutsche Bank DM2 to 330.50 and Dresdner DM2.30 to 236.30.

Electricals also declined and Chemicals mostly lost ground.

Motors gave ground. Daimler dropped DM3.50 to 339, but VW rose DM0.30 to 132. Machine Makers were mostly lower. Steels mixed, while Metals were unchanged to lower.

Minings lost some ground. Utilities shed up to DM2.30. Stores were mixed, while Breweries lost ground.

MILAN—Easier on slack investor demand and technical liquidation ahead of the monthly settlement.

Bonds were narrowly mixed in quiet trading.

HONG KONG—Most shares advanced strongly on sustained local and overseas buying, following fuller order books for Hong Kong major industries and generally encouraging economic forecasts.

Hong Kong Bank rose 60 cents to $HK18.40, Jardine Matheson 40 cents to $HK23.00, Swire Industries "A" 50 cents to $HK15.90 and Hong Kong Docks 20 cents to $HK7.15.

TOKYO—Mixed, with late selling in some issues following early gains in Blue Chips. Volume 160m. shares.

Teikoku Oil rose Y10 to 280 and Honda Motor Y14 to 642. But Eidai lost Y16 to 199 on renewed selling in anticipation of poor results.

Constructions also fell, with Taisue Y6 lower at 231.

AUSTRALIA — Most sectors closed generally unsettled, following quick profit-taking after spurting ahead briefly in the wake of the Liberal election win.

Paneontinental were up 34 cents to $A9.24.

Woodside - Burmah finished unchanged at $A1.44, after rising to a new peak of $A1.55. Santos jumped 10 cents to $A1.35.

CAGA improved 10 cents to $A2.15.

BHP were down 12 cents to $A6.94, after moving up to $A7.24.

TNT shed 4 cents to $A1.48—it is making a Convertible Note issue.

JOHANNESBURG—Gold shares were mixed in extremely quiet trading in front of to-day's holiday.

Financial Minings were easier, Coppers little changed, while other Metals gained up to 15 cents.

Industrials were marginally off.

Indices

NEW YORK

DOW JONES AVERAGES

Close	Home Bonds	Trans-port	Indus.	Util.	Trading volume† 000's
Dec. 15	68.16	164.54	836.59	81.13	13,960
12	68.09	164.12	832.81	81.00	13,100
11	68.15	165.11	832.78	80.94	15,300
10	68.17	165.07	833.99	81.05	15,690
9	68.30	162.65	824.15	80.66	16,040
8	68.39	165.14	821.63	80.65	14,150
5	68.42	163.74	818.80	80.81	14,060
4	68.57	164.90	829.11	80.71	16,350
3	68.32	165.55	825.49	81.06	21,320
2	68.36	167.85	843.20	82.65	17,950
1	68.61	169.49	856.34	82.29	18,050
Nov. 28	68.64	169.99	860.67	83.27	12,870
26	68.65	169.00	856.56	83.17	12,750
25	68.70	168.74	855.40	83.06	17,490
24	68.67	169.65	845.66	82.39	13,930
21	68.79	170.60	840.76	82.66	14,110
20	68.88	171.15	845.51	82.66	16,460
1975 High	69.92 (4/4)	174.46 (13/11)	881.81 (16/7)	87.07 (24/6)	—
Low	66.16 (5/1)	146.47 (2/1)	632.04 (2/1)	72.02 (2/1)	—
All-time High		279.88 (7/2/69)	1051.70 (11/1/73)	163.32 (20/4/65)	—
Low		13.23 (8/7/32)	41.22 (2/7/32)	10.58 (28/4/42)	—

* Excluding bonds.

IND. DIVIDEND YIELD p.c.

Dec. 12	Dec. 5	Dec. 13 1974
4.49	4.57	6.56

N.Y. SE ALL COMMON INDEX

December 31, 1965=50

RISES AND FALLS

AMERICAN SE MARKET VALUE INDEX

Starting base 100 Aug. 31, 1973.

STANDARD AND POORS U.S. STOCK INDICES

	*Industrials	†Composite
Dec. 15	95.64	86.09
12	96.33	87.83
11	95.72	87.50
10	95.66	85.69
9	97.75	87.80
8	97.46	87.07
3	97.13	86.82
4	95.57	87.84
3	98.54	87.00
2	99.90	89.37
1	101.53	90.67
1975 High	107.40 (15/7)	95.91 (15/7)
1975 Low	77.71 (8/1)	70.74 (8/1)

* 425 Industrials. † 425 Industrials, 50 Utilities, 25 Rails.

STOCK AND BOND YIELDS

	Dec. 10 1975	Dec. 3 1975	Dec. 11 1974
Ind. Ord. yield pc	3.51	3.54	5.02
Ind. Ord. p/e ratio	12.16	12.09	7.45
Long-term Govt. Bds. per cent	8.12	8.09	[illegible]

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Polaroid	170,200	[illegible]	[illegible]
General Motors	165,200	57	[illegible]
Amax	145,700	45¾	[illegible]
Texaco	144,300	27	[illegible]
Amer. Tel. and Tel.	135,100	50¾	+¼
Southern Co.	134,200	13¾	[illegible]
RCA	128,300	19¾	[illegible]
Avon Products	118,900	35¾	[illegible]
CITI	113,200	[illegible]	—
Penney J. C.	99,000	49¾	+1¼

TORONTO

INDUSTRIAL INDEX

MONTREAL

INDUSTRIAL INDEX

COMBINED INDEX

JOHANNESBURG

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	Dec. 11	Dec. 4	Nov. 27
On Dividends	6.04	5.92	6.34
On Earnings	9.90	9.48	10.54

SYDNEY ALL ORD. INDEX

Dec. 15	Dec. 12	High 1975	Low 1975
440.18	440.53	440.79 (5/12)	288.58 (9/1)

TOKYO NEW SE INDEX

Base=100 January 4, 1968.

Dec. 15	Dec. 13	High 1975	Low 1975
314.80	314.00	333.11 (2/7)	268.24 (10/1)

HONG KONG INDEX *

Dec. 15	Dec. 12	High 1975	Low 1975
325.40	328.72	341.57 (9/6)	160.42 (9/1)

SINGAPORE INDEX §

Dec. 15	Dec. 12	High 1975	Low 1975
227.86	227.28	268.69 (11/5)	[illegible] (3/1)

EUROPE

	Dec. 15	Previous	1975 High	1975 Low
Belg'm	104.34	104.83	111.21 (16/6)	89.07 (2/1)
Denm'k	99.56	99.74	100.25 (2/12)	75.06 (15/1)

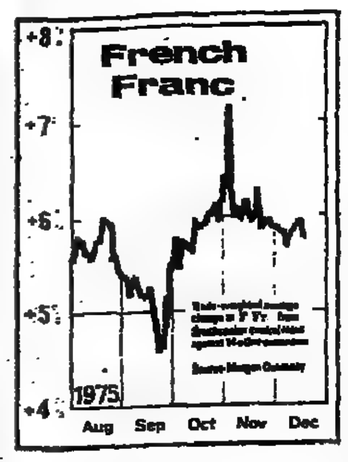
£ weaker

Sterling lost further ground against the U.S. dollar in the foreign exchange market yesterday, but showed little change against most other major currencies. Trading, however, remained quiet. The market tended to be apprehensive about the Government's plans to give financial assistance to Chrysler and possible economic measures to include changes in hire purchase regulations and selected import controls. The widening of the U.K. trade deficit in November was also a depressing factor. The pound opened at $2.0180-2.0190, and eased to $2.0160-2.0170 in early trading. Sterling remained at around that level for the rest of the day and closed at $2.0165-$2.0175, a loss of 20 points on the day, and a further worst ever closing level against the U.S. dollar.

The pound's trade-weighted average depreciation, since the Washington Currency Agreement of December, 1971, as calculated by the Bank of England, remained unchanged throughout at 30.1 per cent.

The dollar remained firm in the subdued conditions prevailing at present, and recorded small gains in terms of most European currencies. Its trade-weighted depreciation, showed little change however, on the Morgan Guaranty basis, at 1.58 per cent., compared with 1.59 per cent. previously.

Gold lost $¾ to close at $137¾-$138¾, in fairly quiet business. The krugerrand finished at $140¾-$142¾ (£69¾-70¾) in the domestic market. The coin's premium over its gold content was almost unchanged at 2.33 per cent. for domestic delivery, but narrowed to 2.35 per cent. from 2.88 per cent. in the international market. Silver closed at 193.6-194.6p (390¼-392¼c), its lowest level since early June, but trading was also fairly subdued.



SPECIAL DRAWING RIGHT RATES

One SDR is equal to	Dec. 15	Dec. 12
Sterling	0.579499	0.579629
U.S. dollar	1.16885	1.16975
Belgian franc	46.3917	46.3543
Deutsche mark	3.08167	3.07726
French franc	5.22330	5.21856
Italian lira	799.902	800.109
Japanese yen	357.610	356.177
Dutch guilder	3.15648	3.15131
Swedish krona	5.16807	5.16269

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Dec. 15	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankf'rt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N. York	37.91-93	—	22.31-36	[illegible]	2.0165-0190	37.01-08	37.94-96
Paris	189.22-62	4.4637-4737	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	39.67-70	2.87-89	—	79.93-80.12	[illegible]	[illegible]
London	[illegible]	2.0165-75	[illegible]	80.00-20	—	[illegible]	[illegible]
Am'erdam	[illegible]	2.6995-7017	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	98.92-.04	2.6520-95	[illegible]	[illegible]	[illegible]	97.64-75	—

U.S. $ in Montreal. U.S. $=101.36-40 Canadian cents.

Canadian $ in New York. U.S. $ in Milan 684.40.

Sterling in Milan 1380.60.

EURO-CURRENCY INTEREST RATES*

GOLD MARKET

	Dec. 15 1975	Dec. 12 1975
Gold Bullion (a fine ounce) Close	$137¾-138¾	$138¼-13[illegible]
Opening	$138¾-139	$139¼-14[illegible]
Morning fix'g	$138.65 (£68.727)	$139.35 (£69.050)
Afternoon fix'g	$138.15 (£68.469)	$138.70 (£68.677)
Gold Coins domestically Krugerrand	$140¾-142¾ (£69¾-70¾)	$141¼-14[illegible] (£70-71)
New Sov'r'gns	$44¼-46¼ (£21¾-22¾)	$44½-46½ (£22-23)
Old Sov'r'gns	$44¼-46¼ (£21¾-22¾)	$44½-46½ (£22-23)
Gold Coins, Int'rn'tnl'y Krugerrand	$140½-142½ (£69½-70½)	$141¼-14[illegible] (£70¼-71)
New Sov'r'gns	$42-43 (£20¾-21¼)	$42¼-43¼ (£21-21½)
Old Sov'r'gns	$42-43 (£20¾-21¼)	$42¼-43¼ (£21-21½)
$20 Eagles	$216-219	$217-220
$10 Eagles	$109-112	$110-113
$5 Eagles	$70-73	$71-74

FOREIGN EXCHANGES

Dec. 15 1975	Bank Rates %	Day's Spread	Close
New York	6	2.0160-2.0190	2.0165-2.0[illegible]
Montreal	8¼	2.0480-2.0510	2.0465-2.[illegible]
Amst'rdam	4½	5.43-5.46	5.44¼-5.[illegible]
Brussels	6	79.90-80.30	80.00-80
Copenh'gen	7½	12.44-12.47	12.46-12
Frankfurt	3½	5.30-5.34	5.32¼-5.[illegible]
Lisbon	6½	54.60-55.00	54.80-55
Madrid	7	120.40-120.80	120.50-12[illegible]

FORWARD RATES

OTHER MARKETS

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—115¾% (117½%).

NEW YORK

CANADA

GERMANY ♦

PARIS

AMSTERDAM

MILAN

BRUSSELS/LUXEMBOURG

SWITZERLAND ♦

COPENHAGEN

VIENNA

AUSTRALIA

TOKYO ¶

STOCKHOLM

OSLO ♦

JOHANNESBURG

MINES

INDUSTRIALS

SPAIN ♦

FARMING AND RAW MATERIALS

Downturn in cocoa market

By Richard Mooney

'HE RECENT strong upsurge in ocoa values on the London erminal market was brought to n abrupt halt yesterday morn- ig when chartist and speculative elling quickly wiped over £16 a onne off nearby positions.

Prices recovered a little after inch and the March quotation, hich had earlier slipped to £686 tonne, moved up to £692 at one tage. But the rally was not istained and March cocoa ended ne day at £690.75 a tonne, £11.75 elow Friday's closing level.

The fall was seen mainly as a eaction to the advance which ad lifted nearby prices by over 50 in the previous fortnight. One ealer suggested that speculators ho bought cocoa last week in nticipation of a lower Ghana urchase figure sold out yester- ay when their judgment had een proved correct.

The figure was estimated at 1,239 tons, compared with 3,772 last week, bringing the umulative total for the first 11 eeks of the main crop season to 35,321 tons against 261,605 fter 11 weeks last year.

A further "bearish" influence n the market was the report sued yesterday by Merrill ynch, Pierce, Fenner and Smith.

Grain levy pre-fixing to be restored

BRUSSELS, Dec. 15.

HE EEC Commission is plan- ng to reintroduce the pre-fixing import levies for maize and rley from January 15, reports euter.

However, they will apply for -day periods rather than the days prior to suspension of e-fixings on February 21 this ar. At the same time, pre- ings for wheat will be reduced 45 from 60 days, they added.

The Commission has been der strong pressure from the ade to reintroduce pre-fixings enable forward commitments be made without too great risk.

The main reason for the sus- nsion of pre-fixings according the Commission was to await velopments in the world mar- t: in particular Soviet buying tentions and the potential size the French maize crop.

The British Government was so concerned by the steep rise U.K. barley exports being couraged by traders taking vantage of a profitable "loop- le" in the regulations.

Secret Brussels pact on NZ butter shipments

BY ROBIN REEVES

BRUSSELS, Dec. 15.

A SECRET understanding has been reached between New Zealand and the European Com- mission under which the country will deliver no more than 120,000 tons of butter to the U.K. market next year. This compares with New Zealand's entitlement under the U.K.'s EEC accession treaty of 145,000 tons.

This emerged to-day as Agri- cultural Ministers of the Nine gathered here for a two-day Council meeting during which they will give their first reac- tions to the Commission's 1976-77 farm price proposals.

The understanding was apparently conveyed to the November meeting of Agricul- tural Ministers by Mr. Pierre Lardinois, the Brussels Commis- sioner for Agriculture, during a top secret session—in deference to the New Zealand general elec- tion campaign which was in full cry at the time.

Mr. Lardinois' announcement was apparently instrumental in persuading the Council to give its blessing to the 18 per cent. price rise in New Zealand's butter and cheese earnings from January 1 next year.

Opinions vary as to whether New Zealand has in fact traded in part of its share of the British butter market in order to receive a better return for the butter it does sell. Ship- ments this year are not expected to reach more than 125,000 tons, if that. So, Mr. Lardinois' under- standing could represent simply a realistic assessment of likely deliveries.

New Zealand officials have vigorously denied there is any written understanding. They also insist that the Dublin "renego- tiation" deal on continued access for butter after 1977 has not been rejudiced in any way.

Meanwhile, the prime British objectives in the forthcoming EEC price review are emerging as maintenance of present U.K. beef support arrangements and a large increase in the EEC con- sumer subsidy for butter.

Mr. Fred Peart, the Agricul- ture Minister, is likely not only to express staunch opposition to the Commission's demand that Britain give up its deficiency payments-type beef support — in favour of the common inter- vention system—but also to insist that the Community does something about the prospective sharp rise in U.K. butter prices next year.

As the Commission's proposals stand, beef prices in the U.K. will be forced up from their present level of around £21-£22 a live cwt. to over £28 a cwt. by next June at the latest.

The beef intervention price in the U.K. will rise from its present theoretical level of £25.50 to an operating level of £28.60 a cwt. as a result both of the 8 per cent. rise proposed, plus the transitional step (to the full EEC price) in March.

Sources in favour of Britain being able to continue with its beef arrangements note, here that the Commission has not said it is against the use of variable beef premiums as a matter of principle. It merely thinks they should be phased out at this stage in the beef cycle, when it is assumed surplus pro- duction is coming to an end and firm markets are in prospect for next year.

This lack of opposition of principle is seen as the most hopeful sign that Mr. Peart will get his way in the end, though the U.K. Exchequer may have to foot the bill, rather than the Common Farm Fund.

The prospective rise in butter prices next year is being esti- mated at 6p a pound, unless it is mitigated in some way. The increase stems from the com- bination of the transitional step plus the proposed milk price rise for next season totalling 6.5 per cent.

The Commission has indicated it will be proposing an increase in the EEC consumer butter subsidy, but so far it has not put up a figure.

Skim milk for animal feed plan attacked

BY PETER BULLEN

ANIMAL FEED prices would rise by 6 per cent. if the EEC Com- mission's proposal for the com- pulsory use of 2 per cent. skim milk powder in all compound rations was adopted, Europe's feed manufacturers said yester- day.

The Commission's proposal in its farm price package is designed to reduce the 1m. tonne skim milk powder "mountain" in Common Market intervention stores.

In a letter to Mr. Pierre Lardinois, the Agricultural Com- missioner, Mr. Ken Arnott, the president of the European Federation of Feed Manufac- turers, said the proposal was a "quite unacceptable interference in the formulation of our pro- ducts.

"As a matter of principle it seems to us utterly wrong that the compound industry should have to suffer the consequences of past policies over which it had no control and for which it is in no way responsible," he wrote.

Although there would be some subsidising of the powder, feed prices would rise by about £4.50 a tonne, or about 6 per cent. This was "a harsh penalty on the dairy farmer, but it is manifestly unjust that the feeder of pigs and poultry should be obliged to subsidise a sector with which he is not concerned."

World dairy surplus to continue

By Our Commodities Staff

ROME, Dec. 15.

OVER-PRODUCTION of dairy products for the world as a whole is expected to continue in 1976, especially in the EEC, according to a report by the Food and Agriculture Organisation of the UN (FAO) issued to-day.

World milk production, which virtually stagnated this year at about 425m. tons, is expected to increase somewhat in 1976, although demand for milk and milk products should gradually recover from this year's drop. The report stated that the im- balance between supplies and commercial outlets is likely to persist in 1976, especially in the EEC.

Skim milk powder stocks are estimated to total 1.8m. tons in developed countries — more than double their level at the begin- ning of the year. Prospects of a recovery of skim milk powder prices, which dropped more than 50 per cent. in 18 months to about $500 a ton, were considered poor.

Butter stocks have risen over levels of a year earlier, but were not yet considered excessive. However, the report warned of a possible accumulation of a "butter mountain" unless Eastern European countries and the USSR bought larger quantities.

Surprise cut in U.S. lead price

By John Edwards

A CUT in the U.S. domestic lead price by 1 cent to 19 cents a lb, announced by Asarco, took the London Metal Ex- change lead market by surprise yesterday. The cash price fell by £1.875 to £162.625 a tonne as dealers waited to see whether other U.S. producers would follow Asarco's example.

Perhaps the most depressing aspect of Asarco's move is that it confirms the view that demand for metals remains poor in the U.S. Hopes for a recovery were raised in August, when the U.S. lead was increased by 1 cent to 20 cents.

Previously the price was slashed by 3.75 cents to 19 cents in June following the collapse in the LME market as lead producers were forced to withdraw their support buying programme that had kept values artificially high.

LME lead prices have been fairly stable, although showing a tendency to ease in recent weeks. As expected, a rise in lead stocks of 2,700 tonnes last week has raised the LME ware- house holdings to a peak of 84,400 tonnes, compared with 19,325 tonnes at the same time last year.

Another increase in copper stocks, up by 5,275 tonnes to a total of 492,875 tonnes, brings them periliously close to the ½m. tonnes mark.

Zinc stocks were also higher —up by 2,050 to 72,475 tonnes —but tin holdings fell by 435 tonnes to 6,720 tonnes.

Silver prices in London fell yesterday to the lowest level since June reflecting the down- ward trend in the U.S.

More demand for aluminium seen in U.S.

PITTSBURGH, Dec. 15.

ALUMINUM COMPANY of America forecast a 30 to 35 per cent. rise in industry shipments of aluminium next year com- pared to 1975 levels.

Mr. W. H. Krome George, the ALCOA chairman, in a year-end statement, attributed the opti- mism to significantly lower customer stocks, improvements in some key aluminium using markets and a moderating rate of increase in costs.

The company's seasonally adjusted order rate exceeded the shipment rate in October for the first time since August 1974. Mr. George said. "This tells us that the customer inventory run- off is about complete and that their shipping rates are improving."

UNCTAD COMMODITY TALKS

Severe setback to buffer stock plan

BY DAVID EGLI, GENEVA CORRESPONDENT

THE U.S. and European Com- munity have virtually written off Unctad's scheme for an in- tegrated support programme to cover a wide range of "core" commodities.

The initial response of these two major trading areas, the commodities committee meeting here casts serious doubts on the advisability of current efforts to win initial approval of govern- ments for the integrated pro- gramme prior to the full-scale Unctad meeting, planned for next May. Without the support of the U.S. and the EEC the chances of establishing a com- mon fund for the support of buffer stock operations are very slight.

But the basic and serious reservations expressed by the U.S. in the Unctad committee on commodities go a lot further than mere quibbling at the idea of a common fund. While pay- ing tribute to the expertise of the Unctad Secretariat, they take issue with nearly every aspect of the integrated programme.

Realistic

This is "overly oriented towards price-fixing, indexation and other forms of government intervention in the market," according to the U.S. representa- tive, Mr. Alan Wendt. Besides, the U.S. has difficulty in accept- ing the "mandatory" character of the programme as it now stands.

The only realistic approach to commodity problems, Mr. Wendt said, was a thorough case-by-case examination, but it was not evident that such an examination would really form part of an integrated approach.

The U.S. could not accept the contention that buffer stocks were required for all 10 core commodities; indeed, U.S. studies suggest that "there is little scope for the use of inter- national buffer stocks."

In addition, where a buffer stock was established, the Americans feel that the methods and sources of financ- ing should vary with the cir- cumstances governing each commodity. They are not con- vinced of the need for a new international fund, and doubt whether such a fund would result in economies in the financing of buffer stocks.

The U.S., it was also stressed, could not agree with the assumption underlying the Common Fund proposal that consumers should be obligated to participate in the direct financing of buffer stocks.

The U.S. representative re- peated reservations concerning the possible indexation of com- modities. "We do not agree that indexation can be a useful concept or tool for determining commodity prices, nor is it clear that indexation would benefit developing countries," Mr. Wendt told the committee.

Both the U.S. and the Com- munity stressed that they were in agreement with the basic objectives to achieve a better balanced structure of inter- national commodity markets and ensure equitable and remunera- tive prices for developing coun- tries' commodity exports.

Doubted

But the European Community spokesman said that the main practical issue now was to agree on which commodities there might now be negotiations. The measures that might be required "are likely to differ substantially from case to case," according to the Community representative, Mr. A. Russell. Even with stor- able commodities, "buffer stocks are only one of the measures that might be adopted and they may not be required at all."

The Community doubted whether it was feasible to reach agreement now on the size and nature of any "funding" that might be required. The best way to make quick progress, he said, would be to examine the require- ments of each commodity in negotiations betwen consumers and producers.

Both the U.S. and the EEC feel that, while it may be pos- sible to agree on the longer-term objectives and principles for bringing order into the com- modity markets, there is no alternative to tackling each com- modity on an individual basis.

Wool prices likely to remain stable

BY RHYS DAVID

CONTINUED STABILITY in wool prices, avoiding a return to the fluctuations of the past, is being forecast by the Inter- national Wool Secretariat (IWS).

The forecast was made in London by Mr. John Wilcox, IWS area director for North West Europe, who said that although restocking and cautious covering was now leading to some increases in wool prices bid in auctions around the world, the movement was likely to remain gradual because of the continued poor state of trading in most of the main fibre markets.

A restraining influence on prices was also being exercised by the 2m. bales of stock hanging over the market—more than enough to cater for U.K. con- sumption for two years—and by the floor price policies adopted by the grower Boards.

These had protected the grower from the recent slump enabling him to stay on his land and in wool. As a result, unlike in past recessions, production capacity had been retained and was there to meet demand when it improved.

The IWS is also hopeful that the Japanese, having forced prices up during the last boom only to find themselves with mas- sive stocks when recession came, will display greater caution in future.

Mr. Wilcox also claimed that wool had become much less vul- nerable to threats to its price structure from synthetic fibres, now subject to the much higher cost of oil-based feedstock.

He pointed out that wool's share of total fibre consumption in the wool textile industry had risen significantly in the past year and was now averaging 50 per cent. in Germany, France and the U.K. In Britain where wool's share had fallen to 43 per cent. of the total fibre usage in wool textiles by October 1974, it had recovered to 52 per cent.

This was due to increased con- sumer awareness of and pre- ference for natural fibres, Mr. Wilcox declared.

● The U.S. Department of Agriculture (USDA) also foresees higher raw wool prices for the remainder of this season and into the new 1976-77 season.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally lower in quiet trading on the London Metal Exchange. [illegible]

Amalgamated Metal Corporation reported that in the morning cash wire- bars traded at £550, 50.5, 50, mid-Dec. £550.5, three months £560, 79.5, 80, 80.5, 80. Cathodes: cash £548, 48.5, three months untraded. Kerb: Bars, cash £560.5, three months £561, 60.5, 61, 61.5. Cathodes: cash £548.5, 49, three months untraded. [illegible]

... to Penang over the week-end pushed prices higher here with forward metal trading at £3,185 and cash at £3,100 at one time. Freer offerings were prompted at the higher levels, however, and forward metal ended at £3,150 on the afternoon Kerb while cash, although untraded, was also quoted lower. Turn- over, 456 tonnes. [illegible]

... of grain were booked from the U.S. Gulf to Volos, Greece, at $11 f.i.o. for Dec.- Jan. and from the U.S. Gulf to Japan at $16.25 free discharge for Jan. also from the same loading area to Guayaquil at $12 f.i.o. for Dec. A cargo of grain was covered from Brazil to Ghent/ Hamburg range at $20,000 f.i.o. based on 31,000 long tons for Jan. [illegible]

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent., Feb. £94.65, March £93.15, April £90.10 direct Tilbury, April- early May £94.40, May £94.35, June £94.63, July £95.00 transhipment East Coast. EEC Feed Dec. £63.20, Jan. £64.73, transhipment East Coast.

Maize—No. 3 Yellow American/French Dec. £65.15, Jan. £66.50, Feb. £67.25 [illegible]

[illegible]

ART GALLERIES

[illegible]

CINEMAS

[illegible]

CLUBS

[illegible]

GOVERNMENT OF ABU DHABI

SEWERAGE PROJECTS COMMITTEE

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

RUBBER

[illegible]

COCOA

[illegible]

SOYABEAN MEAL

[illegible]

FREIGHTS

[illegible]

GRAINS

[illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

[illegible]

JUTE

[illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

Coffee ends limit up, cocoa eases

NEW YORK, Dec. 15.

PRECIOUS METALS eased on weight of renewed speculative liquidation. Coffee finished limit up on good trade interest. Sugar finished strong on new Commission House and chartist buying. European arbitrage selling eased cocoa. Grains finished easier on local and speculative selling, Bache reports.

Cocoa—Ghana spot 74 nom. (75). Bahia spot 67 (68). Dec. 64.75 (65.75). March 60.90 (62.00), May 58.20, July 56.70, Sept. 55.25, Dec. 53.60, March 52.30. Sales: 1,149.

Coffee—Spot Santos No. 4 unquoted (same). Colombian Mams unquoted (92.00 nom.). "C" Contract: Dec. 83.50-84.00 (82.00), March 85.45 (83.45), May 85.75 bid, July 86.75, Sept. 87.50 bid, Dec. 85.25 bid. Sales: 321.

Copper—Dec. 52.30 (52.70), Jan. 52.60 (52.80), Feb. 53.00, March 53.30, May 54.50. Sales: 1,108 lots.

Cotton—March 60.75-60.80 (59.85), May 60.85 (60.30), July 61.25-61.30, Oct. 56.05-55.90, Dec. 56.80-56.95, March 57.10-57.15. [illegible]

[illegible]

LIVERPOOL COTTON

[illegible]

STOCK EXCHANGE REPORT

Equity markets edge higher during a small business

Share index up 1.2 at 363.5—Gilt-edged irregular

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Dec. 1	Dec. 10	Dec. 11	Dec. 22
Dec. 12	Dec. 23	Dec. 24	Jan. 7
Dec. 29	Jan. 8	Jan. 9	Jan. 20

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Despite last Friday's disappointing set of trade figures for November and the bearish implications of the Chrysler rescue operation, equity markets made a little further headway yesterday. British Funds presented a mixed appearance, with shorts and mediums improving afresh, but long-dated issues easing a shade. The Government Securities index closed with a minor fall (0.01) at 58.41.

After an uncertain start, scattered buying nudged the equity leaders higher, but what little interest there was began to fade in the afternoon and prices drifted down a little. However, the trend in the "after-hours" dealings was to higher levels and the F.T. 30-share index closed 1.2 up at 363.5; this was the highest of the day and a pointer to the relatively inactive conditions in the market. Official markings of 5,333 were the lowest for a Monday for three months.

Elsewhere, most of the day's activity was concentrated on *special situation stocks*, with week-end Press comment and company trading statements prompting the occasional interesting spot. Otherwise, movements were generally small and mixed in second-line equities. Falls just had the edge over rises in F.T.-quoted Industrials. The F.T.-Actuaries All-Share Index hardened 0.1 per cent. to 152.55.

Gilts mixed again

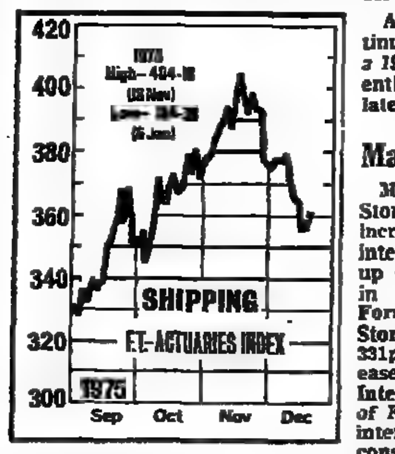
After a week-end to digest the Government's Chrysler rescue operation and the November trade figures. Gilt-edged securities appeared undaunted and, apart from long-dated stocks, prices made useful progress. Short-dated issues shook off last Friday's disappointment with the absence of a reduction in Minimum Lending Rate and fresh demand left quotations with gains ranging to ¼. *Early mediums* again found support; Treasury 11¾ per cent. 1981, were noteworthy again for a further rise of ⅛ at 95⅝, while Treasury 12 per cent., 1983, were similarly higher at 99⅜. In contrast, the longs showed falls to ⅛ in quiet trading.

A fresh reaction in the investment dollar premium to 113¼ per cent. encouraged a demand which finally halved the day's loss to two points, at 115¼ per cent. Yesterday's S.E. conversion factor was 0.5999 (0.5903).

Hughes Tool, a firm spot of late, came back a point to £33 in Recent Equities.

Minster Assets firm

An extremely quiet day in Home Banks saw prices drift aimlessly before closing with minor losses. **Barclays**, 289p, and **Lloyds**, 229p, recorded declines of 3 apiece, while **Midland** gave up 2 to 280p. Initially harder at 237p, **National Westminster** came back to end unchanged on balance at 235p. *Among Overseas Issues*, **Bank of New South Wales**, 670p, and **National Bank of Australasia**, 300p, both receded 10, while **Standard and Chartered** relinquished 8 at 480p. Quiet Merchant banks provided a bright spot in **Minster Assets** at 33p, up 4, in reflection of favourable week-end Press comment. *Awaiting news* of the discussions on the controversial Haw Par loan, **Slater Walker** put on another 2 to 27p with the help of Press mention. **Hambros** improved 5 to 185p and **Kleinwort Benson** edged up 2 to 116p, but **Mercury Securities** contrasted with a decline of 5 at 133p. **Alexanders** hardened 3 to 215p in little-changed Discount Houses, but **Gerrard and National** closed that amount cheaper at 285p. Also lacking interest were Hire Purchases, where *UDT* eased a penny to 16p.



Insurances remained neglected and prices just moved a shade either way. *London and Manchester* put on 2 to 126p, but **Sun Alliance** shed 3 to 410p.

An uninteresting day in Breweries left closing quotations without much alteration. Elsewhere, **A. Bell** firmed 2 to a new peak for the year of 140p.

Anglo-American Asphalt *featured Buildings, rising 8 to a* 1975 peak of 178p in response to week-end Press comment. **Marley** hardened 2 to 93p in front of *to-day's results*, while **French Kier**, 11p, and **London Brick**, 59p, put on 1½ and 2 respectively. **Southerns-Evans** improved 3 to 162p in sympathy with a rise of 6 to 218p in **Magnet Joinery**. **Scottish Homes Investment**, however, lost a penny more at 8p on the first-half loss.

ICI hardened 3 more to a year's peak at 325p. Elsewhere in Chemicals, **British Benzol** moved up 1½ to 24½p *following* Press comment on the bid situation.

Associated Television "A" continued firmly, rising 2 further to *a 1975 peak of 71p; the chairman's* enthusiastic statement came too late to affect sentiment.

Martin the Newsagent up

Martin the Newsagent featured Stores, rising 6 to 140p on the increased earnings. Higher interim figures took **Hall and Earl** up ½ to 10½p, while small buying in a thin market raised **Forminster** 4 to 72p. **British Home Stores** closed a penny firmer at 331p, but **Marks and Spencer** eased 2 to 95p. **K. O. Boardman International**, at 7½p, gave up ½ *of Friday's late rise of 2½ on the* interim statement, while further consideration of the half-yearly report lowered **N. Brown Investments** a penny to 26p. **Customagic** were also notably dull at 11p, down 3. In Shoes, **Wearra** eased a penny to 10p on the profits setback.

Apart from **Thorn Electrical**, 4 cheaper at 196p, leading Electricals stirred only slightly from last Friday's closing levels in slack trading. Minor irregular movements were the order of the day in secondary issues, although **Ultra Electronic** stood out with an improvement of 4 at 39p. A particularly good market of late on the excellent half-time report, **Racal Electronics** were spurred on 4 more to 227p by favourable week-end *Press comment*. **Derritron** added a penny at 5p, but **A. F. Bulgin "A"** shed 2 to 12p. **Normand Electrical** finished a shade easier at 36p in front of to-morrow's interim announcement.

Hawker resumed the upward tendency to close 4 higher at 340p, but other Engineerings leaders were only a shade better. Secondary issues were featured by **Weyburn**, a further 12 up at 410p, still in anticipation of either a bonus "rights" issue or share split. **Weir**, 77p, and **Whessoe**, 46p, both gained 4, while **Hopkinsons** *revived with a like rise to* 61p. News items put **Arthur Lee** up 1½ to 14½p and **Crown House** 1 better to 23p, but on the first-half slump **G. M. Firth (Metals)** fell 8 to 35p. Press mention lifted **John Folkes Hefo** 1 to 20p and **Redman Heenan** ½ to 14½p. **Motor Rail** were suspended at 3½p pending publication of the accounts, now promised this week.

Movements of note were few and far between in Foods. **Linfood** closed 4 better at 220p despite the first-half profits setback, while **Brooke Bond**, at 28p, recouped ½ of Friday's fall of 2½ which followed news of the fund-raising plans. **Bernard Matthews** hardened 2 to 70p as did **J. Sainsbury** to 128p. Losses of 4 were sustained by **William Low**, 102p, and **F. J. Wallis**, 68p, while **Associated Biscuit** closed 2 cheaper at 70p, and **Cavenham** a penny off at 128p.

Press comment directed attention to **Grand Metropolitan**, which closed 2 harder at a 1975 peak of 76p; the 10 per cent. Convertible Loan stock 1991-96 finished 1½ points better at £96.

Caravans Intl. good

Miscellaneous Industrial leaders moved narrowly in very thin trading. Press comment stimulated some buying interest in **BOC International**, which put on 1½ to 59½p *ahead of to-morrow's preliminary figures*. **Glaxo** closed 2 better at 368p, after 370p, and **Beecham** a penny firmer at 337p, after 339p, but **Rank Organisation "A"** were 2 easier at 133p. Elsewhere, **Caravans International** were in good form, rising 4 to a peak for the year of 17½p in response to the preliminary statement. **International Computers** followed last week's outstanding rise of 26 on the heartening annual *results with a fresh improvement* of 3 to a peak for the year of 101p. Still fortified by the increased profits, **Redfearn National Glass** added 2 more at 62p. Encouraging half-year statements raised **Alexander Russell**, 38p, and **Robert Moss**, 33p, both by 3, and left **Sutcliffe Speakman**, 41p, and **Allied Investments**, 36p, 2 and 1 better respectively. Press comment prompted a rise of 4 to 123p in **Rauson Trust** and a gain of a *penny at 106p in Trafalgar House*, the latter in front of to-morrow's results. **United City Merchants** firmed a penny to 26p on the chairman's statement at the annual meeting, while **Dobson Park**, ahead of Thursday's annual figures, added 2 at 43½p. Following the settlement of the Chad Valley deal, dealings were resumed yesterday in **British Northrop**; suspended three years *ago at 80p, the shares opened at* 37p and improved to close at 42p after a small business. **Royal Worcester** made a dull showing at *100p, down 5*.

Awaiting the Government's statement on the Chrysler (U.K.) rescue plans and the "think tank" report on the industry, Motors and Distributors held their ground. **Lex Service** closed a fraction harder at 24½p following news of the company's new agreement with Volvo, while higher interim profits lifted **Caffyns** 3 to 77p.

Demand revived for **Associated Newspapers**, 4 up at 99p, and **Daily Mail "A"** went 6 higher to 180p in sympathy. Renewed bid speculation caused **Inveresk** to *rise 4½ to 61p in Paper/Printing* where **Bemrose** put on 3 to a high for the year of 46p, being helped by a stock shortage. Elsewhere, **Eucalyptus Pulp** came to life at 46p, up 5, but preliminary results failed to alter **Compton Partners** at 41p.

Properties below best

Property leaders gained a little more ground in the early stages with the help of favourable week-*end Press comment*, but the gains were trimmed back later when interest waned. **MEPC** finished a penny harder at 68p, after 69p, ahead of the keenly awaited preliminary results, due Thursday. Similarly higher on balance were **Town and City Properties**, 15p, and **English Property**, 47½p, after *48½p. Elsewhere, the half-year* report induced an improvement of a penny at 14½p in **Capital and Counties Property** and left the Warrants fractionally firmer at 6½p. A Press recommendation failed to stimulate **London and Provincial Shop Centres**, unchanged at 46p. In dull mood were **Regional Properties "A,"** 2½ down at 34½p, and **Investment and Property Holdings**, a penny off at 16p.

An exceptionally small trade in the Oil leaders saw **British Petroleum** finally harden 3 to 338p. **Burmah** improve the turn *to 30p, but* **Shell** remain at Friday's level of 384p. Profit-taking in Australia after last week's news of the oil find was reflected in a reaction of 5 to 143p in **Woodside-Burmah**, while other overseas issues were mixed. **Sunningdale** gained 35 to 310p, despite the lower investment currency premium, but **Siebens (U.K.)** eased 10 to 213p on adverse Press mention.

Apart from **Lampa Securities**, 5 up at 83p, and **International Pacific**, 7 higher at 105p, Trusts and Financials were quiet and little changed. **City and Foreign** moved up 3 to 39p, but **Rolinco** eased a point to £39½ and **Robeco** 1¼ to £56¼.

In Shippings, **Lovells** were marked down 20 to 70p—80p basis on the first-half loss and interim dividend omission. Elsewhere, *P & O Deferred* hardened 3 to 99p **Sheaf Steam**, however, contrasted with a fall of 3 to a 1975 "low" of 72p.

Textiles sported small mixed movements following a Press report on a broker's private circular on the industry; **Carrington Viyella**, a recommended buy, improved 1½ to 29p, while for a similar reason **Coats Paton** hardened ½ to 60½p and **Courtaulds** rose 3 to 144p, the last-named being helped by late news of a £½m. project to increase capacity at its Coventry works. **Tootal** eased ½ to 39p on its *"sell" rating* in the circular. Tobaccos were very quiet apart from **"Bats,"** which gained 3 to 318p

South African Industrials were dull with sentiment adversely affected pending clarification of the position regarding the transfer of stock for Cape delivery. Losses of 20 were sustained by **O.K. Bazaars 'A'**, 730p, and **Tiger Oats**, 630p, while **Abercom Investments**, 280p, and **Primrose**, 180p, *both closed 8 cheaper*.

Plantations had an easier bias, **Consolidated Tea** and **Teith Holdings** both closing 10 easier at 340p and 320p respectively.

Australians fall

Australian mining shares succumbed to profit-taking in line with the trend in overnight markets "Down-Under" following the landslide victory by the Liberal and Country Party in Saturday's Federal Election. Sentiment was also affected by the fall in the investment dollar premium.

Energy stocks were particularly affected with **Peko-Wallsend** 20 down at 465p, after 460p, **Pancontinental** 5 easier at 930p, after 920p and **Ocean Resources** 2 lower at 22p.

Among Coals, **Utah Mining** retreated 75 to 975p and **Oakbridge** fell 5 to 74p on continuing fears of cuts in Japanese imports of Australian coking coal.

A notable exception to the general trend was **Whim Creek** which spurted 14p to 40p following an Irish demand.

South African Gold shares eased *further, reflecting the* lower bullion price which lost 50 cents more to $138.23 per ounce.

In quiet trading prices drifted on lack of interest in front of to-day's public holiday at the Cape. The Gold Mines index gained up 1.6 to 223.0.

Financials generally mirrored Golds. **Anglo American** fell 7 to 358p and **De Beers** were a similar amount lower at 280p. Cape selling lowered **Vereeniging** ¾ to £21¼ while **Union Corporation** were finally unchanged on balance at 415p after 420p. Platinums drifted on lack of interest, *Potgietersrust losing 3 to* 140p.

In Coppers, **RCM** were marked down 10 to 160p while **Messina** lost 5 to 285p.

Elsewhere, **Yukon Consolidated** rose 5 to 78p on hopes of a better bid for the company's Lorne holding. **"Tanks"** fell 4 to 152p owing to Continental selling.

FINANCIAL TIMES STOCK INDICES

—	Dec. 15	Dec. 12	Dec. 11	Dec. 10	Dec. 9	Dec. 8	A year ago
Government Secs.	58.41	58.42	58.53	58.64	58.43	58.28	50.05
Fixed Interest	58.67	58.68	58.61	58.61	58.89	58.72	60.82
Industrial Ordinary	363.5	362.3	358.1	362.9	364.5	360.8	166.2
Gold Mines	223.9	225.6	234.1	231.1	226.3	232.4	366.7
Ord. Div. Yield %	5.78	5.80	5.87	5.79	5.76	5.84	12.96
Earnings Y'ld % (full) (b)	16.11	16.17	16.29	16.11	16.07	16.23	35.06
P/E Ratio (net) (a) (b)	9.03	9.00	8.93	9.03	9.05	8.96	3.98
Dealings marked	5,335	5,232	5,674	6,657	5,664	6,125	5,020
Equity turnover £m.	—	49.65	61.20	52.14	48.55	40.75	28.69
Equity bargains total	—	11,472	14,878	13,902	13,810	13,203	9,829

10 a.m. 361.7. 11 a.m. 363.2. Noon 363.4. 1 p.m. 363.4. 2 p.m. 363.2. 3 p.m. 362.5.
Latest Index 01-246 8026.
(a) Based on 52 per cent. corporation tax. (b) Nil=8.56
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/5)	49.18 (6/1)	127.4 (9/1/35)	49.18 (6/1/75)
Fixed Int.	62.31 (21/5)	50.53 (6/1)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	377.8 (19/11)	146.0 (6/1)	543.6 (16/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	210.4 (1/12)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	Dec. 15	Dec. 12
Daily—		
Gilt-Edged	167.3	139.1
Industrials	178.3	177.9
Speculative	45.3	38.2
Totals	121.4	119.1
5-day Av'rge—		
Gilt-Edged	163.2	162.9
Industrials	186.2	198.1
Speculative	43.7	43.7
Totals	125.4	129.0

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS / GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section.)	Mon. Dec. 15, 1975 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) (Corp. Tax 52%)	Est. P/E Ratio (nil) (Corp. Tax 52%)	Friday Dec. 12 Index No.	Thurs. Dec. 11 Index No.	Wed. Dec. 10 Index No.	Tuesday Dec. 9 Index No.	Year ago (approx.) Index No.	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	136.70	+0.5	16.90	6.09	8.90	8.90	136.27	135.36	136.96	137.48	51.93	143.85 (18/11)	51.78 (6/1)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	131.95	+0.5	13.00	6.55	11.75	11.74	131.22	131.19	133.44	132.72	45.99	138.19 (13/11)	45.11 (6/1)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	258.75	+0.5	14.75	4.03	10.49	10.49	257.49	256.60	258.61	261.32	76.35	263.54 (18/11)	74.74 (6/1)	399.33 (19/6/72)	71.48 (12/12/74)
4	Electricals (16)	238.69	−0.9	18.42	3.86	7.98	7.98	240.92	234.68	238.48	242.09	95.62	254.66 (18/11)	98.49 (2/1)	360.04 (4/5/72)	84.71 (22/6/62)
5	Engineering (Heavy) (13)	156.15	−0.8	20.47	7.41	7.45	7.45	156.94	155.11	160.50	160.58	67.12	164.07 (19/11)	64.39 (2/1)	202.57 (6/6/73)	64.59 (2/1/75)
6	Engineering (General) (63)	119.46	+0.9	18.43	7.02	8.15	8.15	118.38	118.45	119.19	119.03	46.06	123.15 (19/11)	45.43 (6/1)	168.59 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	49.53	−0.6	17.05	8.53	10.57	10.57	49.21	49.05	49.76	49.61	20.06	50.91 (21/11)	20.11 (2/1)	136.70 (4/7/68)	19.96 (13/12/74)
8	Miscellaneous (24)	117.75	+0.3	17.61	6.79	8.54	8.54	117.43	117.44	117.71	118.24	50.65	121.75 (6/6)	49.65 (6/1)	177.41 (25/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (56)	113.42	—	16.32	5.48	9.23	9.22	113.46	112.45	114.52	114.42	40.45	117.43 (13/11)	38.39 (6/1)	227.78 (21/4/72)	38.39 (6/1/75)
10	Electronics, Radio TV etc. (15)	127.41	−0.4	14.85	4.20	10.08	10.07	127.93	126.58	129.41	129.10	43.39	131.94 (10/11)	44.28 (6/1)	257.41 (19/5/72)	42.85 (12/12/74)
11	Household Goods (14)	161.28	−0.1	15.18	6.58	9.68	9.65	161.38	161.49	163.13	163.70	64.56	166.90 (19/11)	64.65 (6/1)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (27)	66.36	+0.6	19.30	7.06	8.00	8.00	65.96	65.28	66.80	66.29	23.75	70.25 (13/11)	19.91 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	144.78	−0.2	15.70	6.01	10.78	10.67	144.56	143.96	145.35	145.58	55.93	152.28 (18/11)	51.98 (6/1)	226.08 (16/8/72)	51.41 (13/12/74)
14	Breweries (15)	158.60	−0.1	13.12	6.65	11.55	11.55	159.70	160.35	161.35	160.36	74.56	172.53 (12/11)	75.58 (6/1)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	157.25	+0.4	12.14	6.41	12.50	12.50	155.60	154.87	156.13	156.67	83.77	177.94 (9/7)	80.42 (6/1)	257.40 (13/7/72)	76.81 (12/12/74)
16	Entertainment, Catering (16)	183.65	+0.9	11.81	6.61	13.56	12.92	182.29	181.12	182.35	182.72	59.46	184.25 (3/12)	56.28 (6/1)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	157.44	−0.5	13.51	5.21	10.35	10.28	156.95	157.50	158.70	159.76	62.96	165.80 (18/11)	62.03 (2/1)	211.65 (15/7/72)	59.78 (11/12/74)
18	Food Retailing (16)	142.99	+1.8	10.84	4.92	13.40	13.40	140.49	139.49	141.76	142.04	57.51	155.38 (10/11)	57.15 (2/1)	235.08 (15/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (15)	159.05	+0.6	14.36	6.36	10.42	10.42	158.05	158.37	159.29	159.53	56.86	161.96 (3/12)	55.08 (6/1)	250.29 (18/1/72)	55.08 (6/1/75)
20	Packaging and Paper (13)	100.03	—	22.06	7.65	6.76	6.75	100.02	99.12	99.60	99.73	46.23	107.12 (30/6)	43.46 (6/1)	135.69 (28/4/72)	43.46 (6/1/75)
21	Stores (33)	119.70	−0.7	12.61	5.65	12.13	12.15	120.59	119.62	121.10	121.46	55.04	132.94 (24/10)	52.63 (6/1)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (22)	156.63	+0.6	15.21	6.39	8.46	7.94	155.90	154.30	155.53	156.75	67.87	166.66 (12/11)	62.91 (6/1)	253.72 (17/9/65)	62.66 (11/12/74)
23	Tobaccos (3)	207.98	+0.2	16.29	6.48	9.34	9.34	207.60	206.48	209.78	207.50	114.25	218.96 (18/11)	109.92 (6/1)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	61.39	+1.6	25.30	6.47	5.00	5.00	60.32	60.25	60.67	60.65	21.56	63.76 (20/11)	20.92 (6/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (94)															
25	Chemicals (24)	193.09	+0.4	14.41	4.99	9.75	9.72	192.25	190.79	192.19	191.18	74.60	193.66 (24/11)	73.14 (6/1)	201.92 (31/1/69)	71.20 (1/12/74)
26	Office Equipment (10)	85.64	−0.9	18.57	6.06	9.01	9.01	86.46	86.40	87.06	86.97	46.42	104.78 (17/4)	46.34 (2/1)	246.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	361.27	+1.3	20.86	5.72	6.13	5.89	356.59	356.15	365.23	365.49	216.91	404.18 (18/11)	194.38 (6/1)	517.00 (6/12/72)	90.80 (29/6/62)
28	Miscellaneous (48)	148.33	+0.1	15.58	6.92	9.07	9.07	148.13	147.36	148.72	149.56	64.24	156.36 (15/11)	60.39 (6/1)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	144.99	+0.2	15.06	5.94	9.74	9.68	144.67	145.87	145.38	145.57	60.84	151.53 (18/11)	59.19 (6/1)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	318.10	+0.3	15.82	5.06	7.06	6.82	317.22	315.71	319.51	321.96	115.92	338.18 (15/11)	105.83 (2/1)	431.66 (29/5/69)	87.23 (29/5/62)
31	500 SHARE INDEX	159.43	+0.2	15.18	5.80	9.20	8.95	159.06	158.21	159.91	160.26	66.37	167.07 (18/11)	63.49 (6/1)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	130.07	−0.1	—	5.47	—	—	130.17	130.51	131.78	132.02	56.98	148.45 (20/5)	56.60 (6/1)	241.41 (1/5/72)	55.88 (13/12/74)
33	Banks (6)	160.09	−0.7	18.20	6.03	8.39	8.39	161.19	161.10	164.16	165.98	64.50	177.11 (5/6)	62.56 (2/1)	285.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (9)	162.90	−0.5	—	7.57	—	—	163.68	164.46	166.10	164.94	81.70	171.13 (16/11)	84.13 (6/1)	293.13 (27/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	99.89	−1.5	—	6.61	—	—	101.45	103.64	101.96	98.66	46.15	134.39 (10/3)	42.81 (6/1)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	113.86	+0.7	—	6.00	—	—	113.04	115.21	114.23	115.55	46.28	129.31 (13/11)	44.88 (2/1)	194.46 (15/5/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	103.22	−0.1	—	6.63	—	—	103.34	104.16	104.84	105.56	46.16	123.90 (20/5)	44.47 (2/1)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance (Brokers) (10)	214.68	−0.1	9.85	4.20	15.31	15.31	214.92	215.61	217.30	218.74	65.86	232.39 (18/11)	68.96 (7/1)	269.37 (12/12/72)	65.86 (16/12/74)
39	Merchant Banks (15)	85.86	+0.5	—	6.42	—	—	85.41	85.52	85.04	84.02	33.43	94.97 (7/5)	31.21 (7/1)	276.87 (1/5/72)	31.21 (7/1/75)
40	Property (32)	153.09	+0.4	3.81	3.62	43.76	41.36	152.44	150.32	153.55	151.94	66.81	241.22 (22/4)	58.19 (7/1)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (4)	77.46	+1.5	12.94	6.23	10.36	12.20	76.48	76.46	77.46	77.78	33.65	80.81 (25/11)	34.78 (10/1)	305.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	165.87	−0.6	3.04	4.31	32.95	32.93	166.76	166.82	167.38	167.87	72.42	178.53 (6/6)	73.43 (6/1)	249.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	152.55	+0.1	—	5.66	—	—	152.35	151.81	153.34	153.68	63.55	160.63 (15/11)	62.16 (6/1)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	375.88	−0.5	17.05	8.92	9.00	8.98	377.56	376.95	376.93	379.51	262.56	[illegible]	[illegible]	[illegible]	[illegible]
45	Teas (9)	115.06	−0.6	41.09	9.00	3.57	3.52	115.74	115.52	115.35	115.35	76.15	[illegible]	[illegible]	[illegible]	[illegible]
46	Coppers (3)	255.14	−2.0	38.89	6.75	2.67	2.57	260.57	264.81	262.61	261.41	364.41	[illegible]	[illegible]	[illegible]	[illegible]
47	Mining Finance (11)	108.96	−0.7	10.80	4.65	10.46	10.45	110.77	111.45	110.67	110.50	97.07	[illegible]	[illegible]	[illegible]	[illegible]
48	Tins (5)	88.74	−0.1	14.09	10.19	10.12	10.12	86.50	88.62	89.94	89.94	66.53	[illegible]	[illegible]	[illegible]	[illegible]
49	Overseas Traders (13)	213.93	—	15.67	4.88	8.16	8.16	210.80	212.06	214.09	213.11	—	[illegible]	[illegible]	[illegible]	[illegible]

	FIXED INTEREST	Monday, Dec. 15 Index No.	Yield %	Friday Dec. 12	Thurs. Dec. 11	Wed. Dec. 10	Tuesday Dec. 9	Monday Dec. 8	Friday Dec. 5	Thurs. Dec. 4	Year ago (approx.)	1975 High	1975 Low	Since Compilation High	Since Compilation Low
1	Consols. 2½% yield	—	14.91	14.89	14.88	14.88	14.87	14.98	14.96	14.95	17.06	—	—	—	—
2	20-yr. Govt. Stocks (6)	45.86	14.12	46.00	46.16	46.29	46.17	46.10	45.92	45.97	33.31	[illegible]	[illegible]	[illegible]	[illegible]
3	20-yr. Red. Deb. & Loans (15)	49.16	15.02	49.15	49.16	46.17	46.07	46.07	46.04	45.57	37.40	[illegible]	[illegible]	[illegible]	[illegible]
4	Investment Trust Prefs. (15)	46.46	14.90	46.46	46.30	46.30	46.35	46.35	46.35	46.25	35.97	[illegible]	[illegible]	[illegible]	[illegible]
5	Coml. and Indl. Prefs. (20)	63.15	15.16	63.30	63.87	63.87	63.95	64.14	64.08	63.90	49.91	[illegible]	[illegible]	[illegible]	[illegible]

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Miscellaneous Financial	31/12/70	128.06
Engineering (Heavy)	31/12/71	153.84	Food Manufacturing	29/12/67	114.13
Engineering (General)	31/12/71	153.84	Food Retailing	29/12/67	114.13
Wines and Spirits	10/4/62	114.13	Insurance Brokers	29/12/67	96.67
Toys and Games	16/1/70	135.72	Mining Finance	29/12/67	100.00
Office Equipment	16/1/70	153.84	All Other	10/4/62	100.00
Industrial Group	31/12/70	128.20	† Redemption yield.		

Base values calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. FT-Actuaries indices are now Commonwealth [illegible].

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	12	323	+3	325	118
BP	£1	8	538	+3	598	190
HK & Shanghai	$HK2.50	8	300	—	300	118
Marks & Spencer	25p	8	93	−2	128	47½
Whessoe	25p	8	46	+4	51	23
"Bats"	25p	7	318	+3	338	164
British Leyland	50p	7	8	—	37	10
Glaxo	50p	7	368	+2	427	198
Letraset	10p	7	61	+1	83	13
Nat. Westminster	£1	7	235	—	273	88
Slater Walker	25p	7	27	+2	106	20
Thorn Elect.	25p	7	196	−4	224	74
Barclays Bank	£1	6	289	−3	325	112
Capital & Counties	25p	6	14½	+1	35	10½
Commercial Union	25p	6	137	+1	184	73

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 9	Dec. 22	Mar. 4	Mar. 16
Dec. 22	Jan. 2	Mar. 18	Mar. 30
Jan. 3	Jan. 19	Apr. 1	Apr. 13

"Calls" were done in Mixconcrete, Charterhall Finance, Burmah Oil, MEPC, Grand Metropolitan, Argyle Securities, Lex Service, J. Brown, Burmah Oil, Town and City, Inveresk Paper, Amalgamated Investment and Plessey. No "puts" were arranged, while "doubles" were arranged in Lonrho, Slater Walker, British Australian Inv. Trust, MEPC and Burmah Oil.

Industrials							
A. P. Cement	15	G.K.N.	22	Shell	[illegible]	Ultramar	30
Assoc. Leisure	5	Hawker Sidd.	27	Trust Houses	[illegible]	Mines	
Barclays Bank	25	House of Fraser	8	Tube Invest.	27	Anglo Amer.	[illegible]
Beecham	30	I.C.I.	20	Unilever	40	Charter Cons.	[illegible]
Boots Drug	12	I.C.L.	7	Vickers	13	Chart'rh'll Fin.	6
Bowaters	16	Inveresk	7	Williams Hud'n	4	Cons Gold	18
B.A.T.	30	Legal & General	13	Woolworths	6	De Beers Def.	35
British Leyland	7	Ladbroke	11			F. S. Geduld	350
BOC Int.	6½	Lloyds Bank	22	Property		Great Boulder	12
Burton 'A'	7	"Lofs"	6½	Amal. Inv.	4	Hampton Areas	14
Cadburys	6	"Mams"	6	Brit. Land	5½	Hampton Prop.	4
Courtaulds	11	Marks & Sp'ncer	11	Cap. Counties	4½	Kloof	140
Debenhams	8	Midland Bank	25	E.P.	8	Lonrho	13
Distillers	13	Nat'l West Bank	22	Land Securities	18	Loraine	35
Dunlop	6½	"do" Warrants	10	MEPC	9	Poseidon	55
Eagle Star	13	P & O Dfd.	11	Peachey	8	Pres. Steyn	275
E.M.I.	17	Plessey	8	Town & City	4½	Rio T. Zinc	20
Gen. Accident	16	R.H.M.	6	Town & Comm.	4	Welkom	55
Gen. Electric	13	Rank Org. 'A'	18			West Areas	75
Glaxo	35	Reed Int'l	25	Oils		Western M'ng.	16
Grand Met.	7	Rothmans	4	Brit. Petroleum	42		
G.U.S. 'A'	17	Slater Walker	6½	Burmah Oil	4		

NEW HIGHS AND LOWS FOR 1975

The following securities (number in parentheses) among those quoted in the Share Information Service yesterday attained new highs and lows for 1975.

NEW HIGHS (46)

BRITISH FUNDS (5)
Transport 4pc '72-77 · Treas. 3½pc '77-80 · Exchequer 5pc '76-78 · Treas. 3½pc '79-81 · Treas. 5pc 1976

AMERICANS (1)
Ford Motor

BEERS (1)
Bell (A.)

BUILDINGS (4)
Anglo-Am. Asphalt · Smart (J.) · Magnet Joinery · Southerns-Evans

CHEMICALS (2)
Allied Colloids · Croda

CINEMAS (1)
Assoc. TV 'A'

ELECTRICALS (3)
Farnell Elect. · Ultra Elect. · Racal Elect.

ENGINEERING (6)
Allied Ironfounders · Hopkinsons · Acrow · Weir · Crosfield · Weyburn Eng.

HOTELS (3)
Grand Met. · Ladbroke · Grand Met. 10pc Conv. 1991-96

INDUSTRIALS (10)
Lonrho · Redfearn Glass · Caravans Internat. · Russell (A.) · Dobson Park · Shorne Ware · Int. Computers · [illegible]

MOTORS (1)
[illegible]

PAPERS (4)
Bemrose · [illegible] · Dolan Packaging · Daily Mail 'A'

SHIPPING (1)
Runciman (W.)

TEXTILES (2)
Carrington Viyella · Coats Paton

OILS (1)
Sunningdale

NEW LOWS (3)

STORES (1)
Sumrie

SHIPPING (1)
Sheaf Steam

MINES (1)
Leslie

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	25	18	12
Corpns. Dom. and Foreign Bonds	7	3	[illegible]
Industrials	290	297	1,154
Fin. and Prop.	70	131	394
Oils	6	8	20
Plantation	[illegible]	7	37
Mines	11	51	90
Recent Issues	6	12	27
Totals	408	527	1,788

MONEY MARKET

Small assistance

Bank of England Minimum Lending Rate 11½ per cent. (since November 28, 1975)

Day-to-day credit was expected to be in adequate supply in the London money market yesterday, but a slight shortage developed towards the close and the authorities bought a small amount of Treasury bills from the Discount houses to relieve the shortage. Government disbursements exceeded revenue payments to the Exchequer and the monthly special deposit adjustment was also in the market's favour. On the other hand, the market was *faced with a net take-up of* Treasury bills, a pre-Christmas increase in the note circulation, and settlement of official gilt-edged sales.

Discount houses paid around 10 to 10½ per cent. for secured call loans at the start, and most closing balances were taken at between 10¾ per cent. and 11 per cent., but some funds commanded 11½ per cent.

In the inter-bank market overnight loans opened at 10¾ to 10⅞ per cent. and eased to 10¼ to 10½ *per cent. on the prospect of fairly* easy credit conditions, but tended to rise during the afternoon to close at 12 to 12½ per cent., though some business may have been done at around 13 per cent. in late trading.

Short-term fixed period interest *rates showed little change overall.*

Rates in the table below are nominal in some cases.

Dec. 15 1975	Sterling Certificates of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House deposits	Company deposits	Discount market deposits	Treasury bills	Bank bills	Fine trade bills
Overnight	—	10¼-13	—	—	—	—	10¾-13	—	—	—
2 days notice	—	—	10¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	[illegible]	[illegible]	—	—	[illegible]	[illegible]	—	—	—
One month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Two months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—
Nine months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	[illegible]	—	—	—	—	—	—	—

† Local authority and finance houses seven days' notice, others seven days' fixed. * Longer-term local authority mortgage rate nominally three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent.; four-month trade bills [illegible] per cent. Approximate selling rates for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent.; two-month [illegible] per cent.; and three-month [illegible] per cent.; one-month trade bills [illegible] per cent.; two-month [illegible] per cent.; and also three-month [illegible] per cent.

Finance House Base Rate (published by the Finance Houses Association) 12 per cent. from December 1. Clearing Bank Deposit Rate for small sums at seven days' notice 7 per cent. Clearing Bank Rates for lending 11 per cent. Treasury Bills: Average tender rates of discount 10.8931 per cent.

BASE LENDING RATES

AFI International	11 %
Allied Irish Banks Ltd.	11 %
Anglo-Portuguese Bank	11½%
Henry Ansbacher	11½%
Banco de Bilbao	11 %
Banco de Jerez	11½%
Bank of Cyprus	11 %
Bank of N.S.W.	11 %
Banque du Rhone S.A.	11½%
Barclays Bank	11 %
Barnett Christie Ltd.	12 %
Bremar Holdings Ltd.	12 %
Brit. Bank of Mid. East	11 %
■ Brown Shipley	11 %
Cayzer, Bowater Co. Ltd.	11½%
Cedar Holdings	11 %
■ Charterhouse Japhet	11 %
C. E. Coates	11 %
Consolidated Credits	11 %
Co-operative Bank	*11 %
Corinthian Securities	11 %
Credit Lyonnais	11 %
G. R. Dawes	12 %
Duboff Brothers	11 %
Duncan Lawrie	11 %
English Transcont.	11 %
First London Secs.	11 %
■ Antony Gibbs	11 %
Gonde Durrant Trust	11 %
Greyhound Guaranty	11 %
Grindlays Bank	11 %
■ Guinness Mahon	11 %
■ Hambros Bank	11 %
Hawtin & Partners	11 %
■ Hill Samuel	§11 %
C. Hoare & Co.	†11 %
Julian S. Hodge	12 %
Industrial Bank of Scot.	11 %
Keyser Ullmann	11 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	11 %
London & European	11 %
London Mercantile	11 %
Midland Bank	11 %
■ Samuel Montagu	11 %
■ Morgan Grenfell	11 %
National Westminster	11 %
Northern Comm. Trust	11 %
Norwich General Trust	11 %
Portman Guaranty	11 %
P. S. Refson & Co.	11 %
Rossminster Accepts	11 %
Schlesinger Limited	11 %
E. S. Schwab	11 %
Security Trust Co. Ltd.	12 %
Shenley Trust	11 %
Standard Chartered	11 %
Sterling Credit	11 %
Thames Guaranty	11 %
Trade Development Bk.	11 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	11 %
Whiteaway Laidlaw	11 %
Williams & Glyn's	11 %
Yorkshire Bank	11 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7½%, 1-month 7¾%.
† 7-day deposits on sums of £10,000 and under 7½%, up to £25,000 7¾%, over £25,000 8½%.
§ Demand deposits 8%.

CORAL INDEX
Close 361-366 363-365

I.G. INDEX
GOLD 137-140

INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Assurance [illegible]
† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

Abacus Arbuthnot see Arbuthnot Secs.

Abbey Unit Tst. Mgrs. Ltd. (a)(g)
80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Capital	21.6	22.9	....	4.33
Abbey Income	26.3	27.9	....	5.96
Abbey Inv. Tst. Fd.	26.3	27.9	-0.1	4.15
Abbey Gen. Tst.	33.0	35.1	-0.1	4.01

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex

Allied Ist.	48.8	52.2	....	5.43
Brit. Ind. 2nd	48.4	51.7xd	+0.1	5.93
Growth & Inc. Tst.	27.9	29.8	....	6.04
Elect. & Ind. Dev.	23.4	25.0	....	5.70
Met. Min. & C'dty.	33.4	35.7	-0.2	5.88
Allied Capital Tst.	52.0	55.6	+0.1	5.57
High Income	45.4	48.5	+0.1	7.05
Equity Income	29.6	31.6	+0.1	6.58
International	21.8	23.3	-0.1	2.23
High Yield Fund	41.9	44.8	....	9.71
Fund	78.2	83.6xd	....	5.77
Income Fund	39.1	41.8	+0.1	7.29
Recovery	93.7	100.1	+0.6	6.52
Smaller Co's	17.9	19.1	....	6.79
Smaller Co's	22.8	24.4	+0.1	7.24
Accum. Fund	20.6	22.1	....	4.79
Secs. of America	40.6	43.4xd	-0.2	3.11
Exempt Dec. 1	130.6	137.2	....	6.37

Arbuthnot Securities Ltd. (a) (c)
Queen St., E'burgh EH3 9LH 031-226 1421

Abacus Giants	29.6	31.8	+0.4	3.86
(Accum. Units)	32.0	34.4	+0.4	3.86
Growth Units	27.4	29.5	....	4.25
(Accum. Units)	29.9	32.1	....	4.25
High Inc. Units	29.7	32.0	-0.3	11.48
(Acc. Uts.)	34.0	36.6	-0.3	11.48
East & Intl. Acct.	17.7	19.0	....	2.63
Compound	21.7	23.3	....	9.97
(Accum. Units)	27.0	29.0	....	9.97

[illegible]

Bridge Talisman Fd. Mgrs. (a)(c)
5-8, Mincing Lane, E.C.3. 01-623 4951

BT Income	175.8	187.0	....	8.42
BT Capital Inc.	25.1	26.8	....	2.10
BT Capital Acc.	25.7	27.4	....	2.10
BT Exempt	86.0	92.0	....	5.43
BT Intl. Inc.	12.5	13.4	....	4.69
BT Inter'l Acc.	12.8	13.7	....	4.69

Prices on Dec. 10. Next sub. day Dec. 17.

The British Life Office Ltd. (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	39.7	41.4	....	6.92
BL Balanced*	32.7	34.6	....	5.87
BL Capital*	32.9	34.8	....	4.38
BL Dividend*	29.8	31.5	....	7.99

*Prices on Dec. 9. Next dealing Dec. 17

Brown Shipley & Co. Ltd. (z)(c)
Mngrs: Founders Ct., EC2 01-600 8520

Brown Shipley	152.1	157.3	-0.3	6.00
Accum. Units	176.0	181.9	-0.4	6.05

*Prices on Dec. 16. Next sub. day Dec. 23.

Canada Life Unit Tst. Mngrs. Ltd.
2-6 High St., Potters Bar, Herts. P. Bar 51122

Can. Gen. Dist.	29.2	30.7	....	4.32
Do. Gen. Accum.	32.8	34.6	....	4.32
Do. Inc. Dist.	26.3	27.7	....	7.95
Do. Inc. Accum.	30.0	31.6	....	7.95

Capel (James) Mngt. Ltd.
100 Old Broad St., EC2N 1BQ 01-588 6010

Capital	60.7	62.5	....	3.93
Income	54.8	56.5	....	7.23

Prices on Dec. 3 Next dlg. Dec. 17

Carliol Unit Fd. Mgrs. Ltd. (a)(c)
Milburn House, Newcastle-upon-Tyne 21185

Carliol	56.0	58.5xd	....	3.53
Do. Accum. Units	62.9	65.4	....	3.53
Do. High Yield	28.6	30.4xd	....	8.73
Do. Accum. Units	30.0	32.0	....	—

Next dealing day Dec. 17.

[illegible]

G.T. Unit Managers Ltd.
16, St. Martins-le-Grand, EC1. 01-600 8461

G.T. Cap. Inc.	54.1	57.5	....	3.90
Do. Acc.	61.5	65.4	....	3.90
G.T. Inc. Fd. Un.	101.4	107.8	....	9.20
G.T. U.S. & Gen.	115.7	123.0	....	1.10
G.T. Japan & Gen.	170.7	180.6	....	0.80
Gt. Pens. Ex. Fd.	110.4	115.9	....	2.90

G. & A. Un. Tst. Mgrs. Ltd. (a) (z)
5, Rayleigh Rd., Brentwood. (0277) 227300

G & A	24.8	26.5xd	....	4.93

Gartmore Fund Managers
2, St. Mary Axe, EC3A

Gibbs (Antony) Unit Tst. Mgs. Ltd.

Govett (John)

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share previously shown under regional headings is presented below with quotations London. Irish issues, most of which are not officially listed in London, are separately and with prices as on the Irish exchange.

Craig Ship. £1	305	.....
Hallam Sleigh 10p	6	.....
Higsons Brew.	92	-3
I.O.M. Stm. £1	128	.....
Holt (Jos.) 25p	260	.....
Kleen-e-Ze	17xd	.....
Lovell's Ship £1	95	.....
N'thn. Goldsmith	89	.....
P.M.A.	48	+1
Pearce (C. H.)	80	.....
Peel Mills	12	.....
Richards 10p	13	.....
RobbCaledon'n	37	.....
Sayers 12½p	7	.....
Sheffield Brick	65	.....
Sheff. Refrshmt.	140	.....
Shiloh Spinn.	27	.....
Sindall (Wm.)	50	.....

IRISH

Alliance Gas (£1)	80	.....
Carroll (P. D.)	128	.....
Clondalkin	50	.....
Concrete Prods.	92	.....
Goodbody (£1)	34	.....
Helton (Hldgs.)	29	.....
Irish Distillers	67xd	.....
Irish Wire	40	.....
Jacob	73	.....
Sunbeam	8	.....
Unidare	63	.....

OFFSHORE AND OVERSEAS FUNDS

[illegible]

Warburg Invest. Mngt. Jrsy. Ltd.
8 Church St. St Helier, Jsy, CI 0534 35511

CMF Ltd. Nov 27	$US18.19	18.46	....	—
CMT Ltd. Nov 27	£10.32	10.59	....	—
Metals Tst. Nov 20	£9.40	9.63	....	—
TMT Dec. 11	$US9.96	10.22	-0.34	—
TMT Ltd. Dec. 11	£10.25	10.52	-0.29	—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

World Wide Gth. Fd.	$US10.67	-0.02	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. z Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. § Guernsey yield. # Suspended. ☆ Single premium insurance bonds.

ENTERTAINMENT GUIDE

CINEMAS ARE CONTINUED ON PAGE 25

Michael Donne on the battle to develop — and sell — ultra long-range airliners

Flights to far-away places

OVER THE past few months, while much of the attention in the world airliner market has been concentrated on what to build and buy to meet the big future requirements in the short-to-medium haul class, there has been a significant development in the long-range field — the emergence of the "ultra long-range" type of aeroplane, capable of flying up to 6,000 miles or more non-stop, with payloads of around 200-250 passengers.

All three big "wide-body" jet builders — Boeing, Lockheed and McDonnell Douglas — are in this field, offering the long-range airlines short-fuselage derivatives of their existing bigger 747 Jumbo, L-1011 TriStar and DC-10 Trijet airliners to meet this new requirement for the late 1970s.

The struggle is a significant one for Rolls-Royce (1971), since its RB-211, already used exclusively in the TriStar, and on offer in the basic Jumbo jet, is also now being offered, in its uprated Dash 524 version of 50,000 lbs thrust, in these derivative types. For the U.K. airframe makers, too, the situation is of some interest, for, although they do not have any airframes of their own to offer, they could still play a part in sub-contract work, especially if British Airways decided to buy one or another of the aircraft now on offer.

Trends

Behind the need for an ultra long-range aeroplane lie several factors. One of the significant trends in world air transport development is that more and more passengers appear to want to fly longer distances—New York to Tokyo, for example, or London to Sydney, Tehran-New York, or London-Mexico City. So far they have had to make one or perhaps two stops en route. Now the demand is building up for them to be able to travel non-stop. There are in turn several reasons for this. One is convenience—by cutting out stops, journey times are reduced, while from the airline's point of view longer periods at cruising speeds enable fuel consumption to be much better controlled and some fuel even saved, thereby yielding economic benefits.

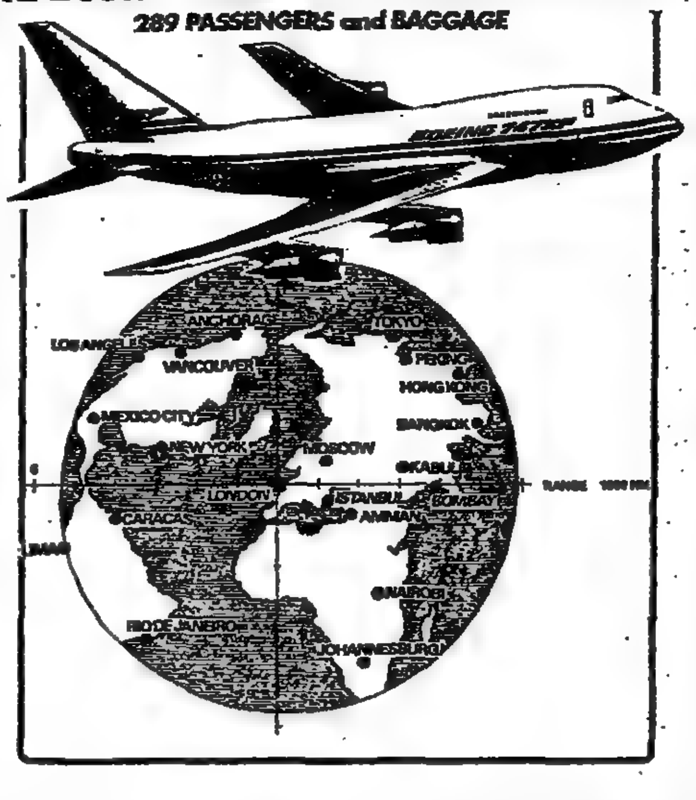
Another reason is political—some airlines are obliged to fly round other people's territories (South African Airways is a particular example), so that the normal flight distances are extended. Without an ultra long-range aeroplane, such flights would be impossible.

Yet another reason is pressure of competition. For example, many airlines are looking ahead to the Concorde era. They do not want to buy Concorde, but feel that they may be obliged to compete with it by offering non-stop long-range service over routes where Concorde, because of its own payload/range limitations, may have to stop more than once. An example is the route between London (or other European cities) and Sydney. A one-stop subsonic operation between Europe and Australia could take away much of the advantage of a flight by Concorde, with its higher fare, its need to stop at least twice, and the problem of periods of subsonic cruise over countries that may refuse to grant it "supersonic corridors."

Then there is the need for a better control over seating capacities. While the existing wide-body jets can, and do, fly very long distances, their payload capacities are substantial, and they often require a great amount of "end-to-end" traffic (which may not be available) to justify their use on such long haul routes. More often, they are at their best economically when they can fly with full loads over shorter (but still long) distances, such as London-New York. Thus on some routes round the world, the demand is specifically for a "long-thin" aeroplane, capable of flying over 6,000 statute miles or so non-stop, but with a smaller payload than the bigger Jumbos, DC-10s or TriStars—say 200-225 passengers or so.

BOEING 'JUNIOR JUMBO' (747SP) RANGE CAPABILITY FROM LONDON

289 PASSENGERS and BAGGAGE



To some extent, this amounts to a "replacement market" for the longer-range variants of the Boeing 707 and Douglas DC-8 jets, which are now ageing and are beginning to be "thirsty" on fuel costs, as well as too noisy for many airports. In some cases, too, even the 707s and DC-8s have not got the payload-range performances now required. So far, no specific 707/DC-8 replacement has been designed, although some manufacturers have been canvassing ideas—one in Europe is Airbus Industrie with its B11 variant of the A300 European airbus. The wide-body builders however, already in business with medium to long-haul aeroplanes, have been quick to see the emerging demand, and have moved to meet it with adaptations of their existing jets.

For all these reasons, the requirement for the ultra long-range aeroplane is growing. As yet, it is comparatively small—probably for no more than between 200 and 300 aeroplanes by the end of this decade. But, at around $30m. or so a time, it is a market worth upwards of $6bn., and is thus well worth fighting for by manufacturers faced with the current paucity of orders in other directions.

Leading the field is Boeing, with its Special Performance (SP) version of the 747 Jumbo jet, nicknamed the "Junior Jumbo." The first SP has just completed a world-wide sales and demonstration tour involving some very long flights indeed. It has, for example, gone non-stop from New York to Tokyo, a distance of 6,927 statute miles, in 13 hours 33 minutes, with 200 passengers; non-stop from Sydney, Australia, to Santiago, Chile (7,143 miles) in 12 hours 14 minutes; and non-stop from Mexico City to Belgrade (7,205 miles) in 12 hours 56 minutes.

The "Junior Jumbo" is a smaller version of the 747 with a shorter fuselage and lower gross take-off weight, capable of carrying about 281 passengers against the 400 or so of the bigger 747. It is ahead of its rivals, in that it has already won orders from four airlines (Pan American is buying five, Iran Air three, South African Airways six and Syrian Arab Airlines two). The first delivery to Pan American is due early next year. The airline intends to put it into service on the non-stop New York-Tokyo run on May 1, following up with Los Angeles-Tokyo soon after. Many airlines will be watching the "Junior Jumbo's" performance with Pan Am, both for competitive reasons and as a guide to the longer-term passenger appeal of this type of aircraft. Although at present the "Junior Jumbo" uses the Pratt and Whitney JT9D-7A engines, it could use the Rolls-Royce RB-211-524 if customers wanted it.

Lockheed has entered the fight with what it calls its Se[ries] 500 version of the L-1011 [Tri]Star, which it is offering [with] the more powerful 50,000 [lb] thrust version of the R[olls-]Royce RB-211 engine, the [Dash] 524. The non-stop range of [the] Series 500 would be 6,200 m[iles] which would give a typical [per]formance of London[-Los] Angeles, London-Bombay [and] Amsterdam-Vancouver wit[h a] full payload of 231 passen[gers]. The Series 500's fuselage w[ould] also be smaller than that of [the] existing TriStar, and it [is] claimed that it would use u[p to] 31 per cent. less fuel than ei[ther] the "Junior Jumbo" or the r[ival] McDonnell Douglas airc[raft] with operating costs up t[o ...] per cent. lower. British Airw[ays] is a prime target for Lockh[eed] but the manufacturer is [also] talking to other airlines, inc[lud]ing British Caledonian, [Air] India, Qantas, Braniff, Delta [and] Trans World.

Offsets

McDonnell Douglas in tur[n is] offering British Airways in [par]ticular what it calls its DC[-10-]30R, a longer-range, shor[ter-]fuselage version of the DC[-10] that would also use the D[ash] 524 version of the RB211 eng[ine] and be capable of carrying u[p to] 268 passengers over a range [of] about 6,000 miles. McDon[nell] Douglas, conscious that it ha[s to] overcome some formidable [...] advantages in winning an or[der] from an airline that already [has] standard 747s and TriStars in [its] fleet, is offering substantial [off]sets in the shape of possi[ble] future work for the U.K. ae[ro]space industry on DC-10 ma[nu]facture.

At this stage, British Airw[ays] is not committing itself. [Nor] are many other airlines. So[me] have made it clear that th[ey] simply do not want to kn[ow]. Others argue that they will [have] to make do with what they h[ave] rather than spend money [on] aeroplanes tailored so speci[fic]ally to a particular market [re]quirement. Still others [are] nibbling, and could well b[uy]. The battle is being fought larg[ely] in the airlines' and the manuf[ac]turers' computer rooms, whe[re] all the rival statistics and clai[ms] covering aircraft-mile and se[at-]mile costs are being test[ed] against the myriad of oth[er] factors involved in any decisi[on] by an airline to buy expensi[ve] new aircraft. The coming ye[ar] should see some significa[nt] moves in the struggle.

FINANCIAL TIMES SURVEY
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World Defence Industries

At a time when defence cuts in the U.K. have already been announced and with some further reductions now forecast, many other countries are increasing their spending on defence, especially on conventional arms, and most notably in the Soviet Union and Warsaw Pact countries.

The big spenders

By MICHAEL DONNE, Defence Correspondent

FENCE IS one of the biggest ustries in the world. While cific figures are difficult to ie by, the latest estimates icate that during 1975, total ld spending on armaments of kinds is running at around 0bn. at current prices, of ch NATO expenditures alone cluding those of the U.S.) ount for close to $150bn., and se of the Warsaw Pact ntries (including the Soviet on) about $110bn., with the largely accounted for by ntries in the "Third World."

uch of this military spending lomestic—on pay, victuals, ements and the procurement domestically-manufactured aments. But the world- e development and pro- ion of major weapons export continues on assive scale, despite severe ition and economic difficul- in some countries (such as U.K.): and while there are es to reduce the volume of iding for political and social ons in some countries (again in the U.K.), there is a eral escalation in arms iding in many parts of the d—in the Middle East and ca, for example.

ale

cause of the scale of the ness involved, it is excep- lly sensitive politically, and frequently conducted at rnment level. The popular ry of shady arms dealers ing in dark corners to con- ite their deals is largely ious—while some deals may onducted in that way, for nost part the contracts are tiated at official government s and endorsed by sters.

e armaments industries of najor countries, in fact, are used by governments as ns of improving the balance payments position. The n of this activity is out- l in this survey, but the itself is no exception to rule. The aerospace stry in particular, as a r recipient of government is a major exporter of its ucts, and in fact has established a high volume of trade with overseas countries in recent years.

The U.K. in fact is one of the world's major arms suppliers, ranking along with France after the U.S. and the Soviet Union in supplying military equipment of all kinds to many countries, especially those in the Third World.

It is a trade that has evolved over many generations, stimulated largely by the U.K.'s own particular expertise in aircraft and shipbuilding—still two of the "best sellers" in the lists—but given a particular boost in the past 30 years as many previously dependent territories have emerged as fully independent nations in their own right, requiring supplies and equipment of all kinds.

As a business, it employs several thousands of people in the manufacturing industries—directly in the case of aerospace and shipbuilding, but indirectly also in such industries as steel, electronics, telecommunications and vehicles. But it is also bedevilled by some acute political sensitivities which many of the manufacturers find inhibiting in arranging new business. Defence spending in the U.K. alone for 1975-76 is budgeted at £4.7bn., but the Government has already announced its plans for substantial longer-term cuts in spending, aimed at getting £4.7bn. out of the budgets by 1983-84, with some additional cuts next year to meet short-term budgetary restraints already announced by the Chancellor of the Exchequer.

Now, there is the threat of further substantial cuts, variously described as amounting to anything up to £1.3bn. required as part of the Government's overall bid to cut all public spending.

Just how far the U.K. arms manufacturing industries will be able to survive the savage reductions already being made, and those additional cuts that are widely believed to be imminent, remains to be seen. But there does not seem to be much doubt that the cuts will result in a considerable rundown of activities over the years ahead, that will probably be compounded by the Government's plans to nationalise—and subsequently rationalise—the aerospace and shipbuilding industries.

This dual erosion of the defence manufacturing base can only be regarded as seriously damaging, not only to employment prospects but also to the longer-term ability of those industries to maintain their past substantial contributions to the balance of payments. The ability of the U.K. manufacturers to provide the wide range of military hardware required by overseas countries in recent years has depended entirely upon the background of research, development and production in weapon systems created and sustained by a continued strong home defence demand. Immediately that demand is substantially reduced, its effects are felt throughout the home defence industries, with cutbacks in design, development and production, and inevitably also in employment.

Figures for the overall annual volume of U.K. arms sales are difficult to come by. The official Overseas Trade Statistics of the Department of Trade are unhelpful. Its index refers interested inquirers to Section 951 for rifles, ammunition, tanks (armoured fighting vehicles and parts), artillery weapons, bombs, machine-guns and grenades, for example, but this section reveals nothing for the first seven months of this year. For aircraft, the accounts are more revealing, in that they show overall exports for the first seven months of complete aircraft of over £51.5m., and aircraft parts of £146m., but without breaking the total down into civil and military aircraft whatsoever. For warships, inquirers are referred by the index to Section 735.1, which does not give any details at all.

It is almost as though there was an official conspiracy to keep secret the precise value and what kind of armaments the U.K. sells overseas, although to be fair the customers themselves dislike any kind of publicity for political and military reasons.

This lack of statistics is surprising, for contrary to many general impressions, the arms trade is conducted by the U.K. quite openly. For the most part it is carried on by the big companies, such as British Aircraft Corporation, Hawker Siddeley Aviation and others in the aerospace industry, and by Vickers on tanks, warships and other equipment, and by other shipbuilders such as Vosper Thornycroft, who make no secret of the fact that they are in business to sell warships and military aircraft to overseas customers.

By far the vast majority of all arms deals are conducted openly, for the very good reason that they involve not only large sums of money, running into many millions of pounds, but also because the continued employment of many thousands of workers is involved in their successful conclusion. Governments themselves are often directly involved. It would be inconceivable, for example, not to say impossible, for the BAC or Hawker Siddeley, or Vickers or even the Royal Ordnance Factories, to keep secret an overseas arms deal involving perhaps a hundred millions of pounds of aircraft, warships or military vehicles.

Not even the basic negotiations can be kept secret for very long, even although at some early stage in the proceedings there is often a desire for the minimum publicity. Some recent examples of such situations, for example, include the desire of the Arab world, through its newly-created Arab Military Industrialisation Organisation, to set up an arms manufacturing industry of its own in Egypt, and to start by purchasing a quantity of British-built Westland Lynx helicopters and their associated Rolls-Royce Gem engines, and also either Hawker Siddeley Hawk light strike-trainers or BAC Jaguar fighters. It is now widely known that this kind of deal is under discussion, and that it is being bitterly fought by the major arms-supplying countries, but notably the U.K., the U.S. and France.

The closest estimate that can be made of the value of direct U.K. arms supplies to overseas countries is that it amounts to between £80m. and £100m. a year, and that if the continued supply of spare parts and tools is included, the total is probably well above that figure.

Warships

The best-sellers are undoubtedly warships (especially frigates), missiles and military aircraft. Among some of the most recent significant overseas sales of military aircraft and missiles, for example, have been Westland Sea King helicopters to West Germany and Norway, Wasp helicopters to the Netherlands, BAC Rapier missiles to Iran and Australia, and Swingfire anti-tank missiles to Belgium. Iran is also a substantial customer for the Chieftain tank.

Some of the most significant U.K. arms export deals have been to the Middle East and the U.S. The BAC, for example, has in recent years won two major contracts from Saudi Arabia, the first for the supply of Lightning fighters and Bloodhound missiles, and the second for defence management services. Hawker Siddeley Aviation has been highly successful in selling its Harrier vertical take-off fighter to the U.S. Marine Corps, which is now understood to be negotiating for the purchase of a substantial number of an improved version, the AV-8B, which will probably be built under licence in the U.S. by McDonnell Douglas on the airframe side and Pratt and Witney on the Rolls-Royce Pegasus engine.

Iran is also reported to be an interested purchaser of Harriers, together with one or more of the new class of "helicopter and Harrier carriers"—the so-called through-deck cruiser of the Invincible Class, the first of which is now being built for the Royal Navy by Vickers at Barrow-in-Furness.

Apart from defence cuts at home, probably the biggest problem that confronts the U.K. arms suppliers in their struggles for world markets against intensifying competition from the U.S., France, Italy, Japan and West Germany, is political interference at home. Deep concern has been expressed on a number of occasions at the trend towards blocking sales to specific countries for political reasons—some examples have included the ban on sales of aircraft and other equipment to South Africa, the sale of warships to Spain, and of military aircraft to Chile, while the Government maintains a strict control over the whole level of arms sales to the Middle East.

The arms manufacturers recognise that there are political sensitivities in some parts of the world that justify this kind of control, and no company would deliberately seek to violate any Government wishes in this field. Indeed, they often go to the other extreme, and by working closely with the Ministry of Defence's own Defence Sales Department make sure that they do not transgress even inadvertently.

But sometimes the pressures tend to be too restrictive. Rolls-Royce, for example, suffered as a result of labour difficulties over the repair and refurbishing of Avon aero-engines for Hunter military aircraft sold some time ago to Chile—prompting Sir Kenneth Keith, the chairman of the company, to comment that "if we black equipment or forbid permits because some people do not like a particular regime, it can affect not only that particular order but a lot of other orders, too. Customers, whatever their domestic political set-up, require reliability of delivery from their suppliers, and they do not expect sudden changes in political control at home or abroad to affect those deliveries."

The point is that very often an arms contract takes several years to deliver, especially if it is for a warship or a military aircraft of considerable complexity. The order may be placed under one Government in the U.K. which is amenable to the deal, but when it becomes due for delivery another Government of different complexion and political attitudes towards overseas customers may be in power, resulting in the deal being blocked.

This kind of uncertainty in the U.K.'s own political attitudes has already resulted in a number of major arms orders being placed with the U.K.'s competitors, such as France, and there is little doubt in the minds of many in the defence production industries that similar situations will occur in the future, unless some kind of formula can be found to take account of this situation.

Attitudes

The point is also made strongly that there is often a strong element of inconsistency in these political attitudes. For example, it is considered permissible to sell tanks, warships and aircraft to countries such as Saudi Arabia, Iran, or others in the Middle East, where two major wars have been fought in the past ten years and where the situation is still volatile, whereas it is considered politically objectionable to sell arms to Chile or to South Africa. It is not being argued that there should be any kind of complete arms embargo—too much money and too many jobs are at stake for that—but that there should be a recognised situation in that where one government permits a contract to be signed, any government of a different complexion that follows it should honour the deal.

The whole sanctity of contracts, in fact, is at stake in this issue, while it is also pointed out that the only effective long-term damage that is done is to the U.K. itself. For the customer is hardly ever frustrated: if the U.K. does not honour its contracts, there are other countries in the world who do not have the same kind of political sensitivities who can and do step in to fill the gap. And there are many in the U.K. arms industry who argue that it can take many years—perhaps even a generation—of hard work to restore customer confidence that is once destroyed.

Quality and quantity in the Warsaw Pact

THE LAST five years have seen marked advances in both *the quantity and,* more important, the quality of arms in the Warsaw Pact. This may seem ironical in view of detente, but it is also logical if one accepts that the Russians want to bargain with the West as equal partners.

There are now few types of equipment in which NATO holds an unquestioned lead. Some Communist arms are even admitted by the West to be the best of their kind in the world.

Little is known for obvious reasons about the Warsaw Pact arms *industry, or more speci-*fically the Soviet industry, since this is where most military hardware is produced. Czechoslovakia has a traditional small arms industry, and other countries produce military vehicles, support equipment and other secondary supplies. *But even these are manufac-*tured to Soviet specifications, giving the Pact a strong edge over the West in standardisation and therefore flexibility.

Difficulty

Nevertheless, the difficulty of testing modern equipment undetected means that Western Intelligence is well informed about weapons in use or about to be deployed, even if its knowledge of arms still on the drawing board is scanty.

However, Western assess*ments of Soviet capabilities* tend to be over-generous, partly to avoid underestimating the Warsaw Pact and partly (since assessments are made by military officials with an interest in defence budgets) to check pacifism.

The greatest advances have been made in ballistic missiles, particularly the MIRV'ing of ICBMs—the attaching of multiple warheads to a missile, each able to seek its own target. This was a field in which the U.S. held an unquestioned lead until 1974 when the Russians *carried out the first successful* MIRV test. It came as part of their new ICBM series of four missiles, all of which have now been tested, and most deployed.

The first to be installed in silos was the SS 19 of which some 50 were deployed last March. These are believed to carry six warheads with a range of 6,300 *miles* giving them what western officials say is three to four times the throwweight of the U.S. Minuteman 3 missile. But though therefore a weapon of terrifying proportions, its reliability has been questioned following the monitored failure of at least two recent tests.

An even bigger missile is now believed to have been deployed, the SS 18. According to intelligence reports, some *300 pits* have been prepared for this weapon which has a range of 7,800 miles and carries eight warheads. The Minuteman 3 by contrast carries three warheads with a range of about 8,000 miles.

But so far, the SS 18 has only been tested with a single giant warhead, and the Russians are resisting U.S. claims that the missile should be counted as a *MIRV in the strategic arms* limitation talks.

Two other missiles with MIRVs are the SS 17, with four warheads and the SSX 20 with a range of 2,400 miles which is currently under test and due for deployment by the end of this year. Altogether these mark a major advance in the weaponry of the Soviet Union whose ICBM capacity has quadrupled to 1,618 since 1967 compared to the *static* U.S. strength of 1,054 over the same period.

The deployment of submarine-launched ballistic missiles has also grown strikingly in five years from 280 to 784, alongside the overall strengthening of Soviet naval power. As if to boast its new strength, the Soviet Union held a major naval exercise last spring, code-named Okean 1975, using most of its latest vessels.

The display was so impressive that Nato officials now readily admit that the Russians have a thorough-going blue water global force, as against the limited coastal defence force of a few years ago.

Spearheading Soviet fleets are 265 submarines, 75 of them nuclear. But the principal ones are the two dozen Delta class submarines equipped with SS N 8 missiles with a range of 4,800 miles which enables them to hit U.S. targets without leaving Soviet coastal waters. These submarines are currently being kept in the Barents Sea away from Nato surveillance. U.S. officials say that their counterpart to the Delta, the Trident, will not be fully operational before 1978.

However, the major qualitative development in the Soviet navy is the construction of two (and possibly *three*) aircraft carriers, a class of vessel the Russians have never possessed before. The first, the 40,000 ton Kiev, has been undergoing trials in the Black Sea this summer and may become operational next year. As aircraft carriers go, it is not big (the new U.S. carrier the Nimitz is nearly 100,000 tons) and it will carry short or vertical take-off aircraft. Nevertheless *it will add a new dimension to* Soviet naval strategy, especially when the second comes into service in two or three years' time.

Performance

Both the major arms of the Soviet air force, the bomber and fighter, have been strengthened in the last two years with new equipment whose *performance* has impressed Western military circles.

The MiG25 fighter, codenamed Foxbat, now widely deployed in the Soviet Union, Poland and East Germany has both a reconnaissance and interceptor role and is said to be highly advanced in capability and design. Along with the MiG 23, the Flogger, it constitutes the main strength of the Warsaw Pacts air forces.

A considerable stir was also caused by the introduction of the SU19, the Fencer, a variable wing fighter bomber comparable to the F111. Capable of two and a half times the speed of sound, it has a range of 2,400 miles and is believed to be the first Soviet fighter designed for ground attack. It has been assigned an *attack role in West Europe.*

Longer range missions would be carried out by the new Backfire bomber which carries a flying bomb with a range of 500 miles. The U.S. claims that this aircraft—with inflight refuelling—is able to make a return sortie across the Atlantic and should therefore be counted as a strategic weapon.

In more conventional fields, Warsaw Pact troop and tank *levels have risen steadily in* central Europe in recent years. As the new round of MBFR talks opened in Vienna in September, Western officials gave their latest assessment of Warsaw Pact strength. This now stands at 925,000 men, half of them Russians, plus 208,000 men stationed with the 4,000 combat aircraft assigned to Central Europe.

In addition the Pact has 15,500 tanks *(more than twice* NATO's force) about half of them the modern 36-ton T62 model. Some Soviet tanks have been reported as carrying 122mm guns, larger than any NATO tank gun and able to pierce most Western armour. But the Russians have only deployed about one third of their total tank force of some 40,000 in Central Europe.

To sustain this immense defence effort the Russians are now believed to be spending anything up to $100bn. a year. However, there are great complications in assessing the true Soviet defence budget. Officially it stands at 17.4bn. roubles ($23bn.) or 7.8 per cent. of the total budget. But nobody knows what this includes, and most westerners believe it is easily double this.

Estimates

More realistic estimates are achieved by tackling the problem from the other end and working out the value of Soviet military equipment and the cost of manning it. Under this formula U.S. defence experts came up with a figure of $93bn. in 1974. The International Institute for Strategic Studies *assessed it at $103bn.* by adding part of the science allocation to the defence budget and converting at the unofficial rate of four roubles to the dollar. (At the official rate this works out at $36bn.).

Whatever the true figure, defence accounts for a major part of Soviet *industrial output. It even accounts for a wide* range of consumer goods like fridges, textiles, tractors and *radios, a fact that was admitted* by party leader Leonid Brezhnev in a speech urging more effort in this field.

Defence equipment is also a major Soviet export. According to some Western calculations, Soviet arms sales to the Third World are worth about $2bn.—$2.5bn. a year, which is well below the U.S. level but equivalent to a quarter of the Soviet Union's estimated overseas earnings.

Most of Russian arms exp are of dated equipment, exc in areas of high interest the Middle East where the latest products are made av able. The Syrians have e been given the MiG 23, one the Warsaw Pact's best aircr

Although at the time of last Middle East war, So equipment was thought to h *acquitted itself well, subsequ* investigations by U.S. special led to a downgrading of quality. This applied part larly to the SAM 7 which found to be both too slow bring down U.S.-made Isr jets, but also in some cases e too weak to destroy those it hit. Russian equipment did impress was anti-t ammunition which proved have high penetrative powe

Little is known of the Russi future arms plans. Mr. Brezh recently spoke of new weap of destruction which was ta to mean anything from Dor day machines to new variati of chemical or nuclear warf In the more immediate fut the improvement of MIRVs *certain to continue,* as well the strengthening of the Na probably concentrating on sp and firepower (the new Soviet cruisers, the Kara cl are only 10,000 tons but bri with guns and missiles).

However, the budget is sh ing the strain, and one of main preoccupations in Kremlin now must be to the arms race before the U makes use of its technolog lead to deploy a new and co generation of weapons.

David Lascell
East Europe Correspond

Record supplies from the U.S.

THE U.S. is still supplying foreign countries with record *quantities of arms and military* supplies, despite the relaxation of tension between East and West, the end of hostilities in *South East Asia* and the progress it has helped make towards peace in the troubled Middle East.

But there are now clear signs of unease with this position of world munitions king, both among policy makers in the Administration and above all in Congress. The usefulness as well as the morality of selling arms at current levels are being questioned. Some changes in U.S. policy are already apparent —and others cannot be ruled out in the near future.

In the fiscal year ending last *June, American military sales* to third countries reached a record $9bn. Well above the previous highwater mark of $7bn. in 1974. In addition to these, foreign military grants were worth some $500m.—making the U.S. the leading world arms supplier with 51 per cent. of military exports, followed by the Soviet Union with 27 per cent.

Yet over the years, the pattern of American arms exports has changed drastically. In the first place, direct grants of military equipment to foreign countries are declining sharply, while commercial sales take an increasing proportion of the total.

Policy

Thus in 1952 the U.S. gave away some $7.5bn.-worth of military equipment to its allies as part of a policy of building up the armed strength of friendly countries against the threat of the Soviet Union. Recently, however, this direct military assistance has dwindled to about $500m. a year and seems likely to decrease further, quite possibly disappearing altogether in a few years time.

Certainly, substantial majorities on both the Senate Foreign Relations Committee and the House International Affairs Committee favour ending direct military assistance over a *two-year* period, thus bringing to an end a programme under which the U.S. has given away some $40bn. of military equipment to its allies since World War II. Leaving aside the Middle East, this year's appropriation is worth some $475m. and would chiefly help South Korea, the Philippines, Turkey and Greece.

But at the same time as the mood in Congress is turning sour on direct military gifts, it is also becoming more logical in its attitude towards economic aid. In the past Administrations always put military and economic aid in the same package, believing the legislature would only accept the latter if it was tied up with the former. Now, however, both House and Senate committees have deliberately unscrambled this omelette and drafted their own separate economic assistance appropriations.

But while the U.S. is getting less generous with its free military aid, it is doing a booming business as an arms salesman. This is not quite what the Pentagon had expected, for after seeing foreign arms sales rise to some $7bn in 1974, it had thought they might level off or even go into decline. However, the decision to include part of the European order for the General Dynamics F-16 fighter in the figures pushed the last financial year's figure to over $9bn.

Nevertheless, it is interesting to find that America's traditional NATO allies are no longer its main armament clients. Last year's sales figures show West Germany receiving $283m. of military supplies. Canada $101m. and Greece $185m., while Australia bought $151m. of armaments. Purchases by other traditional allies were all below the $100m. mark.

By contrast, these orders were all dwarfed by those placed from the oil-rich countries of the Persian Gulf. *For instance,* Iran placed orders worth $2.5bn., Saudi Arabia $1.4bn. and Kuwait $318bn. Arms supplies to Israel were also in this league at $868m., confirming the impression that the Middle East is now the biggest market by far for the American armaments industry.

Moreover, the signs are that this state of affairs is likely to continue. The appetite of the major oil exporters appears considerable—indeed arms sales to OPEC members have risen from $134m. in 1970 to $4.5bn. in 1974. In addition, the Ford Administration has just asked Congress for $1.5bn. in military aid for Israel next year, of *which at least $500m. would be* free, and the Egyptians are actively seeking American arms as well.

It is not surprising, therefore, that many in Congress and elsewhere are wondering about the wisdom of pouring such huge quantities of military hardware into so volatile and explosive a region of the world. The Administration argues that these sales bind the regimes in question more firmly to the West, create jobs in the U.S., recycle petrodollars and would be made by European or Russian rivals if America pulled out.

Expense

However, many in Congress point out that neither Iran nor Saudi Arabia has proved very sensitive to American economic interests in the debate over the *OPEC* oil price, despite the military assistance they are receiving—and that these so-called export gains are really at the expense of the American consumer who is financing them through the increased price of oil. Moreover, while Israel can certainly count on Congressional support for its current military requests, Senator Edward Kennedy and other prominent politicians are now urging a world-wide moratorium on further arms sales to the Middle East belligerents.

It is difficult to tell whether all this debate about fore arms sales could lead to a back in American supplies, ticularly to the Middle E While the recession contir and unemployment is high, difficult to believe that ei Legislature or Administra would put jobs at risk for es tially idealistic reasons.

On the other hand, Cong is worried and it has show ready a new propensity t terfere with foreign mil sales that the Administra wanted to make for pol reasons. At the beginnin this year, it passed a new requiring the Administrati *notify it of all foreign* sales worth $25m. or over reserving the right to veto within 20 days. So far law has never been used the embargo on arms suppl Turkey earlier this year an intense debate shows tha mood is volatile.

Paul L
U.S. I

Lack of standardisation in NATO

OF THE greatest causes oncern to NATO at the ent is the continued lack tandardisation among the ments of its members, te all the efforts that have made in recent years to ge that situation. It is ated that, of the total ex- lture of around $150bn. a 'on arms of all kinds by) as a whole, as much as uarter to one-third is ed by duplication of one or another among various nents, ranging from small and ammunition up to , artillery and military air-

Dr. Gardiner Tucker, ant Secretary-General of for Defence Support, some time ago: "We are tandardising; we are de- rdising. The number of and weapons in the in- ries of the alliance is sing alarmingly . . . We d last year (1973) anti- weapons, and we found 31 ent types, whereas a mili- analysis would show that s probably the optimum er. That is bad, but it is when you look to see was under development at ime. There were 18 new proved types under devel- t in the laboratories of lliance. That means on e that we had six times ny developments as we l—and think what we might have done with that research and development capacity had we invested it more coherently."

It is not only the waste of scarce cash and other resources that is causing the alliance concern, but also the reduced military effectiveness that this lack of standardisation creates. There are several stories of NATO exercises which either became bogged down entirely or became ineffective because of the lack of sufficient quantities of the right type of ammunition and equipment at the right places at the right time. The logistics problems of supplying all the NATO units with their appropriate arms and ammunition — and even different grades of fuel for various armoured and other vehicles — is a nightmare even under peacetime conditions. In a "hot war" it might prove to be totally impossible, with all that that implies militarily.

Nationalism

Several other eminent NATO officers and administrators have drawn attention to this problem over recent years, but it persists. One of the reasons is a continued strong streak of nationalism—all of the members of the alliance are determined as far as they can to promote their own armaments manufacturing capabilities in an intensively competitive world market, primarily to meet the requirements of their own armed forces but also to win substantial export orders if they can.

There have been some considerable efforts to overcome this problem, however, most significantly in aerospace, where much of the current expenditure on arms in NATO is concentrated. The concept of international collaboration in the development and production of military aircraft and engines has been one of the linch-pins of the European aerospace manufacturing industry for a long period of time, more particularly because of the savings in costs and the wider markets that could be achieved than because of the greater military effectiveness to NATO that such developments could provide. The latter has in many cases taken the form of an "uncovenanted bonus" rather than a deliberate aspect of standardisation policy.

There were signs of this situation changing, however, with the conception in the late 1960s of the Anglo-West German-Italian Multi-Role Combat Aircraft (MRCA), which became virtually the first major military aircraft (other than transports and helicopters) to be designed from the start as much to meet NATO standardisation needs as to share costs and widen market opportunities.

This venture, when it enters quantity production (hopefully in 1976) will become the biggest single military aircraft manufacturing project on this side of the Atlantic since the end of World War II.

There are hopes, moreover, of being able to exploit this breakthrough further. The two consortia set up to build the MRCA — Panavia on the airframe and Turbo-Union on the engine — have both been exploring the possibilities of developing other military aircraft ventures for the future, and it is possible that as and when new military aircraft requirements emerge for the 1980s and 1990s, they will be able to submit designs that would stand a good chance of being adopted. Panavia and Turbo-Union were not able to get into the recent Nato competition to find a replacement for the ageing Lockheed F-104 Starfighter only because the MRCA was regarded as too expensive for the task that the four nations involved had in mind. But in the early stages of that competition the U.K. certainly sought to introduce the Anglo-French Jaguar as a possible contestant. As it stands, however, even the solution to that competition, in the shape of the selection of the U.S. General Dynamics F-16 by the air forces of Belgium, Holland, Denmark and Norway, represented a significant further step towards the standa-disation of the NATO air forces.

There are two basic problems, however, that have to be faced in the overall task of widening this whole pattern of international collaboration as a means of standardising weapons within NATO. The first is the still deeply-entrenched desire of many of the individual members of the alliance to retain substantial arms production industries of their own, both to meet their own forces' requirements and as a major contribution to their exports. The second is that France, one of the world's major arms producers and exporters, is not a member of the alliance.

Sacrifice

One by-product of the first problem is that some of the countries involved find it difficult to sacrifice any part of their arms-producing potential in order to achieve the necessary collaboration. To some extent, this difficulty is being progressively alleviated by rundowns in defence spending (for example, in the U.K.) both because of a shortage of cash resources and because of changing political attitudes to defence. Where there is less money to be spent on defence, there appears to be an almost equivalent willingness to enter joint ventures so as to ensure that the defence industries still get some share of what is available, especially at a time of rising costs and the increasing complexity of defence technology. But there is still far too strong a tendency among many of the individual arms producers to try to win the lion's share of the business available, with the result that standardisation remains difficult to achieve.

The French decision militarily to quit NATO some time ago has also created its own difficulties in this overall task of achieving greater standardisation. Nowhere was this better illustrated than in the recent case of the Starfighter replacement competition, where British efforts to get the Anglo-French British Aircraft Corporation-Dassault/Breguet Jaguar into the competition were frustrated largely because Dassault/Breguet itself was promoting its own Mirage F-1E. Even suggestions by the U.K. that the French should present a joint solution, offering both the F-1E and the Jaguar together, elicited no welcoming response from the French.

It seems clear, therefore, that one of the major tasks facing NATO in seeking a greater degree of standardisation in future must be to try to woo the French into accepting a greater degree of participation in some of the ventures proposed. Already, for example, the Eurogroup partners within NATO have suggested the creation of a European Defence Procurement Secretariat, to help approach closer to standardisation, and there have been indications that while France is not prepared to participate in this specific body (believing it to be perhaps the thin end of the wedge to lever it back into NATO), it might nevertheless be willing to discuss standardisation on a more detailed basis than in the past. Whether this is likely to succeed is an open question, but it is possible that the financial pressures now building up on the French defence manufacturing industries could result in a greater willingness to participate in specific ventures. It has been suggested, for example, that the recent French decision to reduce spending on the development of the Avion de Combat Futur (the Super Mirage) — a rival to the MRCA—opens the way for a deal between France and Nato whereby the former is invited to participate in the MRCA programme, in return for a major share in any future collaborative military (and perhaps even civil) aerospace project that may be mooted among Nato partners. Past experience, through such ventures as the Anglo-French helicopter agreement, for example, appears to indicate that the French are not unwilling to participate in collaborative programmes where they can see tangible rewards emerging in the form of reduced costs and wider markets.

Lead

For its part, the U.K. has shown a lead in this direction, by deciding to buy the Franco-German Milan man-portable anti-tank weapon for the infantry. The U.K. Government's aim, as outlined by Mr. Roy Mason, Secretary for Defence, in the Commons was that in the negotiations for procurement of the Milan the U.K. would seek the establishment of a full-scale production line in Britain, and agreement on future European collaboration on weapons of this kind, with also a fair share of overseas sales of the Milan. Similarly, the U.K. has cancelled its own plans for the development of an underwater-launched anti-ship guided missile (the Hawker Siddeley Sub-Martel) for use from nuclear-powered submarines, having recognised that the costs would be unacceptably high, and has decided to buy instead the U.S. McDonnell Douglas Sub-Harpoon underwater-to-surface weapon, again providing that the terms are right, involving a substantial level of offset to help with the dollar expenditure on this missile and to provide work for the U.K. defence manufacturing industry.

These decisions have been taken outside the framework of the Eurogroup, the committee of NATO member-States designed to explore common weapons procurement within the alliance.

But it is clear that Eurogroup has a substantial task in front of it in the immediate future in defining areas for greater collaboration and standardisation, especially where relationships with the U.S. are concerned. The U.S. sells far more arms to other members of the alliance than they sell back to the U.S., and one of the major aims, especially on the part of the U.K., is to encourage much more of a "two-way street" in arms exchanges between America and the rest of NATO. Some preliminary discussions on this have already taken place, but much more is likely to be heard of it in the months ahead.

The point to be borne in mind about Eurogroup, however, is that collaborative development only becomes possible when defence equipment needs—whether aircraft, engines, tanks, guns or ammunition—of two or more nations are similar. The aim must be, therefore, to identify these needs as far in advance as possible so as to ensure that national planning can be collaborative. The effort required to reconcile different military, economic and industrial requirements and timescales is so substantial that it seems likely, therefore, that tangible results on further projects are likely to appear more in the 1980s and 1990s than in the current decade.

Michael Donne

Cautious steps on SALT

EAN RUSK, a former ecretary of State, once bat the strategic arms ion talks between the and the Soviet Union probably become y's longest permanent crap game." So far, he t been proved wrong. Americans and the Rus- reached their first c arms limitation agree- SALT I) in May 1972. re at present engaged crucial stage of negoti- n SALT II. But SALT agreement is reached, judged on how far it in-built arrangements ing to SALT III, and II on how far it con- commitment to move to V, and so on.

reasons for this are simple. None of the nts so far has done g at all to reduce the of the U.S. and the Union to destroy each any times over. Nor ey prevented, or been to prevent, either making technological which improve and their strategic forces. the negotiations have about establishing a of mutual confidence, ay enable reduction to ter.

ical

egotiations are almost political. The American viet experts sit in and from time to time t the technical details. the political directions ashington and Moscow unt. These directions ely determined by the U.S.-Soviet relations in eas. If, for example, super powers are more sually at odds about nents in the Middle is unlikely that they gree on the next step . On the other hand, were no progress in U.S.-Soviet relations in would be likely to be .

the paradox of SALT. a strategic arms limi- agreement, relations the U.S. and the Soviet would not necessarily een worse and there ven have been little difference in the balance. But once the ons were started, any a breakdown would breakdown in U.S.- elations elsewhere. The ons have thus become incipal barometer of wer relations.

ially, the negotiations t establishing nuclear his means establishing reasonable doubt that side has the capability h a nuclear first strike ther sufficient to ensure unable to retaliate by unacceptable damage de which launched the In theory, there would then be no point in a first strike because of the risk of retaliation. If mutual acceptance of this were enshrined in a treaty it might then be possible to move to further treaties which actually reduced the level of armaments.

In practice, however, it does not necessarily work like this. De facto nuclear parity already exists. Neither the U.S. nor the Soviet Union has the capability at present to destroy the other's power to retaliate, but they are not certain that this state of balance is permanent. It is possible that advances in technology could give one side a decisive advantage. There is no foreseeable SALT agreement which will eliminate this technological competition. SALT so far has been concerned with putting a ceiling on the number of nuclear weapons, but has done nothing to check qualitative improvements and it is the qualitative improvement — in such things as accuracy rather than increased yield—which matter.

SALT 1 consisted of two agreements. The first and most significant severely limited the number of anti-ballistic missile systems to be deployed by both sides. This treaty has no time limit and prohibits an arms race in defensive missile systems. The second is the interim agreement on strategic offensive missiles. This runs for five years and is due to expire in 1977. It provides for a freeze on the number of fixed land-based intercontinental ballistic missile launchers (ICBMs) and sets numerical limits for submarine launched ballistic missiles (SLBMs). All told, the U.S. is allowed up to 1,710 launchers and the Soviet Union 2,358, the larger Soviet number being partly explained by the fact that the Russians require more submarines in order to be able to keep the same number as the Americans on station.

The imperfections of the interim agreement are many. It does not include bombers: the restraints on ICBMs apply only to fixed—and not mobile—systems; and it makes no provision for MIRVs—multiple independently targetable re-entry vehicles. MIRVs were in their infancy when the agreement was being negotiated. The effect of their development has been to transform the numbers game, for what they mean is that each launcher can be fitted with several warheads.

It was largely with this in mind that the Americans and the Russians set the guidelines for SALT II. These are contained in the Vladivostok Agreement of November, 1974. It says that SALT II will incorporate the relevant provisions of the interim agreement and will run until the end of 1985. Both sides will be entitled to have an agreed aggregate number of strategic delivery vehicles—subsequently revealed as 2,400, and of these up to 1,320 may be equipped with MIRVs. The new agreement will include the provision for further negotiations on limitations and possible productions in strategic arms in the period after 1985.

These ceilings are very high. They do not mean reductions. On present planning the U.S. will have just over 1,200 MIRV-equipped launchers by 1977 and the Soviet Union over 1,000 by the end of the decade—both below the permitted level. But the agreement should be more comprehensive than SALT I. It aims at including bombers and at doing something about the MIRV problem. The trouble is, however, that technology is once again moving faster than diplomacy.

Difficulties

The negotiations on SALT II have run into three major difficulties. The first concerns verification. It is very difficult to detect by satellite reconnaissance, which is the only permitted means of inspection, whether a launcher is equipped with MIRVs or not. The second concerns the definition of a strategic bomber. The Russians have an aircraft code named the Backfire which—with in-flight refuelling—is probably capable of a strategic mission against the U.S. There is no agreement yet as to whether it should be counted in the 2,400 ceiling. The third difficulty concerns cruise missiles.

Just as SALT I was quickly outdated by the development of MIRVs, so cruise missiles could overtake SALT II. The missiles are small, relatively cheap and easy to conceal. They can be carried by aircraft, ships or land vehicles. They are also equipped with navigation aids which make them extremely accurate and, just as they had with MIRVs, the Americans have the technological lead.

The problem is how far SALT II should make provision for them. If, for example, long-range cruise missiles are counted in the 2,400 ceiling (a range of over 600 kms. has been mentioned), the provision would still be impossible to verify. But if cruise missiles were excluded altogether, SALT II would be irrelevant to what probably amounts to the next generation of weapons. It would merely set a ceiling on existing systems, leaving each side free to develop others.

This is the real limitation of SALT. Except in the field of anti-ballistic missile systems, it has done nothing to stop technological competition. SALT II will not reduce the competition, nor the level of overkill. Yet if negotiations break down, relations between the U.S. and the Soviet Union will be generally considered to have suffered a serious setback. In sheer practical terms, it need not make much difference, but that will not be the political perception.

Malcolm Rutherford

WORLD DEFENCE INDUSTRIES IV

China's emergence

CHINA HAS the largest standing army in the world, yet a military budget which is trifling by the standards of the super-powers. In many ways China has an excellent claim to be a Great Power. Peking would certainly consider itself one; in terms of history and culture many of the so-called developed countries of the West are almost barbarian beside China: in terms of influence, whatever China does to-day, indeed whatever China thinks to-day, is scrutinised by other nations just as closely as the actions of the Soviet Union and the U.S.; in terms of political systems and political thought, China has added a new dimension to the world: in terms of its vast population and rich resources, it has a strong claim to greatness. Yet that same population immediately drags China down to the level of a poor country, almost as poor as India.

All these contradictory and *often conflicting pulls* are nowhere better reflected than in China's defence position and posturing. Peking would probably love to be able to match the Kremlin's might, and would be much happier for its own security if it could. But all the time it has to balance the need to feed the vast population and to keep general industry supplied with raw materials and up-to-date equipment with the demands of the defence chiefs.

For these reasons, China's defence industries have been run on a proverbial shoestring and their progress has often waited upon the success of the harvest. After equipping its huge army, there have not been many arms for China to sell to *the rest of the world, even to* friends in strategic places. Another restriction on the development of Chinese defence industries was its dependence on Soviet arms and equipment in the early years of the People's Republic. Only now is China beginning to get away from its slavish copies of outmoded Soviet weaponry and making its own equipment—which might soon allow Peking the opportunity of appearing on national doorsteps as an important arms salesman.

China's first need has been to protect its own frontiers from the threat of invasion. Ever since the split with Moscow, this has been seen as coming principally from the Soviet Union and has involved Peking in both the development of a nuclear force as well as strong ground forces to deter a physical threat.

According to the International Institute for Strategic Studies, China has a stockpile of between 200 and 300 nuclear weapons, both fission and fusion. Peking has refused to join the Non-Proliferation Treaty, though it has said that it is ready to join others in the *total destruction of nuclear* weapons or to set up "nuclear free" zones. It is not prepared to play into the Kremlin's hands by abandoning its own nuclear weapons and stated that the proliferation of nuclear weapons among smaller nations will inhibit Great Power dominance. China kept noticeably quiet when India tested its first nuclear device.

Nuclear tests have continued steadily since the first in October 1964 and have included tower shots, drops from aircraft, missile firing and an underground test. American sources say that China has between 20 and 30 Intermediate Range Ballistic Missiles (IRBM) and about 50 medium range ballistic missiles (MRBM). The MRBM is single-stage, liquid propelled with a range of 600 miles and it can be transported: the 1,500 mile IRBM is deployed in permanent sites, and is also single-stage and liquid fuelled. China can use the TU-16 aircraft, which has a range of 1,500 nautical miles, for delivery of the nuclear weapons as well as the shorter range IL-28 bomber. China has one G-class nuclear submarine with missile launching tubes, but no missiles have yet appeared.

In its land forces China has more than 3m. troops, divided into more than 120 infantry divisions. The raising of 15 new divisions in the past four years reflects the views of Chairman Mao Tse-tung about a "people's war" and his belief that "men are more important than weapons." Many of the new divisions have been committed to the border with the Soviet Union, but the main armies are deep in Chinese territory, leaving the frontier to militia units which would probably be swept quickly aside in the event of any invasion.

As to equipment, most Western experts think that Chinese arms production is neither as good nor as modern as that of either the Soviet Union or the U.S. The main Chinese battle tank, for example, is the T-59, a version of the old Soviet T-54. But in recent years the Chinese seem *to have committed more money* to lighter weapons, better suited for an army on the move. Admiral Moorer, the chairman of the U.S. Joint Chiefs of Staff, noted in January this year that China had "a large inventory of crew-served weapons, including particularly a native-designed 82mm. recoilless gun—and thousands of RPG-2/7 weapons (the Chinese version of the Soviet 85mm. shoulder-fired grenade launcher)."

The Chinese navy has grown quickly in recent years and now numbers about 250,000 men and more than 1,000 vessels, making it the third largest in the world. But it has an odd mixture of vessels, mostly old destroyers, fast modern Chinese designed patrol boats, and an increasing number of submarines, now believed to total about 60 and possibly including a nuclear powered submarine. China is *pushing ahead with the fast* torpedo and gun boats, armed with surface to surface missiles and suited to coastal defence. It is also pressing on with submarine building and with upgrading the destroyer fleet. In the past few years the Chinese have developed their own designs for both submarines and destroyers.

China's air force suffered badly in the political turmoil following the disappearance of the disgraced Lin Piao. A large number of senior air force officers lost their jobs after Marshal *Lin's attempted* coup because of his close association with their wing. The bulk of China's aircraft are the ageing MiG 17s and 19s, IL-18s and TU-16s, all of basic Soviet design. In 1971 the Chinese produced their own fighter, the F-9, a daytime fighter-interceptor, capable of 50,000 feet ceiling and a speed of up to Mach 2. There may now be 400 of these, according to U.S. defence specialists, compared with more than 3,000 MiGs. However, the F-9 appears to have run into production difficulties recently.

China's military budget is difficult to work out, but spending is generally reckoned to be just over 25 per cent. of U.S. and Soviet military budgets. Nevertheless, China has some advantages.

For more than 25 years it has relied slavishly on Soviet *designs for its main stock of* weapons. But Peking now seems to be determined to develop its own specialities. (Few of the old weapons will be avai[lable] for export because China [will] pass them to the armed m[ilitia] now more than 30m. str[ong]. This may mean that it can [skip] *out at least a generatio[n of]* weapons and develop air[craft,] ships and artillery for the [next] decade and more. Beside[s the] F-9 (which some U.S. mi[litary] specialists think is being [held] up because it lacks an ade[quate] engine and which they say [is] why China was anxious to [buy] Rolls-Royce Spey engines) [the] Chinese are believed to be [work]ing on a swing-wing air[craft] which is in advance of [the] F-111.

Whether it will wish to [sell] weapons to the rest of [the] world on a grand scale [is an] open question. The Ch[inese] have, of course, traditio[nally] sold arms, but usually as [part] of an aid programme an[d to] closely prized allies. Bet[ween] 1955 and 1973 Chinese mil[itary] aid came to about $6[...] with Albania, North Korea, North Vietnam, Pakistan [and] Tanzania figuring largely o[n the] list of beneficiaries.

China may not want to [sell] its new generation of air[craft] but it might find a good m[arket] for smaller craft, such a[s] patrol and missile boats, [and] for smaller stock weapons [and] support vehicles like arm[oured] patrol cars.

Kevin Raff[erty]
Asia Correspo[ndent]

Nuclear developments

WHEN, ON May 18, 1974, the Indian Government exploded a so-called "peaceful nuclear explosive" (PNE) it initiated a chain reaction of diplomatic activity to which there is no end in sight yet. The fissile material for the Indian explosion, plutonium-239, had been extracted from Candu reactors supplied by the Canadians — a nation which has renounced nuclear weapons — on conspicuously favourable commercial terms. As a result the Canadians are taking vastly more care over the terms on which they will transfer any nuclear technology to another state, not least to Britain's chagrin, for U.K. industry was anticipating help—still withheld—with some key features of the pressure-tube type of reactor, of which Candu is perhaps the most experienced example.

Although the Indians have constantly stressed that their motives in developing nuclear explosives are wholly peaceful, from the standpoint of *monitoring nuclear weapon activities* no useful distinction can be drawn between PNEs and weapons of war. In more practical terms, it would normally be considered important that the PNE should be "clean" radioactively, implying a nuclear fusion (H-bomb) type *of explosion* rather than a simple fission (A-bomb) explosion such as plutonium-239 alone would produce.

Other likely requirements of the PNE are that it should be directional in its effects; and very slender to minimise the cost of boring the hole if, as is likely, it is to be exploded deep in the ground, say to release gas or oil. Moreover, environmental conditions a mile o[r] so underground would be very different from any faced by a weapon. In short, useful PNEs need to be very specifically tailored to their task.

"*Technology has given* Goliath a club so heavy he cannot lift it," is the wry comment a senior U.S. Government scientific adviser has made on the PNE. Only two nations, before India, overtly developed the PNE: the Soviet Union, which has used a couple in earnest, to extinguish an oil well fire and to seal off a gusher, and the U.S. with its highly diversified Plowshare programme dating from 1957 (the same year as the first U.S. underground nuclear weapons test).

The Plowshare programme publicised several prospective applications for *PNEs*, such as large-scale earthmoving and the extraction of ore, gas, oil and geothermal heat from deep in the earth. One of the latest ideas—from the Los Alamos National Laboratory where the first nuclear weapons were made —is a method of steam-raising for central power generation in which 50-kiloton PNEs *would be exploded deep underground* at the rate of about two a day.

Counterbalancing the euphoria of Plowshare—which once estimated the cost of a nuclear explosion at one-hundredth of the cost of TNT—is the fact that when projects are carefully costed they no longer appear self-evidently attractive. Projects studied have included the idea of cutting a new route through the Bristol Mountains in California, and of digging a new deep-water harbour in north-western Australia. An additional expense is that any nation providing PNE technology would need to include some provision for self-destruction should the PNE fail to explode.

Restriction

A further restriction is the Limited Test Ban Treaty of 1963, which restricts any releases of radioactivity from a PNE to territorial limits. On this basis alone it would appear that only those nations with vast undeveloped expanses, such as the USSR, China, and perhaps India, are likely to use PNEs.

But there is always the tantalising possibility that the ideal application for the PNE has not yet been spotted. In any event, the reluctance of the USSR and the U.S. to part with PNEs or the technology behind them—because of their obvious association with weapons—has convinced some countries that a valuable technology is being wilfully withheld. This incentive alone will encourage some governments to research the technology of nuclear explosives.

The focus of greatest concern among those nations already possessing nuclear weapons, or which are poised to export technology which could provide access to weapons, are those nations which have refused to sign the Non-Proliferation Treaty (NPT) of 1970. The NPT pledges non-nuclear nations not to acquire *nuclear explosives. Among the* non-signatories with declared nuclear power aspirations are Argentina, Brazil, Chile, India, Israel and South Africa. These nations all have an interest in nuclear energy that reaches well beyond the operation of nuclear reactors as electricity generators. All have an interest in the "fuel cycle"—the complex processes involved in manufacturing and recycling nuclear fuel. These are also the processes required to refine fissile materials for nuclear explosives.

The simplest route available at present is the reprocessing of spent nuclear fuel removed from the reactor, to separate its plutonium-239 component formed by transmutation while the fuel was undergoing its nuclear reactions. This was the route followed by the Indians at their reprocessing plant at Trombay. The chemistry involved is not specially complex and certainly has not been kept secret. The main obstacle for would-be reprocessors has been the fact that spent fuel is highly radioactive and all operations have to be conducted remotely, behind thick concrete walls, with great difficulties of access should anything go awry. The considerable expense and the well-publicised difficulties some technically advanced nations have had with reprocessing have themselves proved a deterrent to the proliferation of reprocessing plants.

The more difficult route is uranium *enrichment. Where* nuclear fuel requires, on average, a four-fold enrichment of the fissile uranium-235 isotope from 0.7 to about 2.5 per cent., a nuclear explosive requires nearly pure uranium-235. But a process capable of achieving low levels of enrichment can be adapted to produce the *high* levels. What is more, it is usually accepted that it is easier to engineer a nuclear explosion with uranium-235 than with plutonium-239.

The technology of uranium enrichment has been more closely guarded than any other facet of nuclear technology. Unlike reprocessing, anyone wishing to embark on enrichment could get little help from the literature on how to implement the two dozen or so theoretical routes. Nevertheless, certain nations have persisted, with the result that nations *known to possess enrichment* technology potentially capable of making nuclear explosives include the U.S., USSR, Britain, France, China, West Germany, Holland and South Africa. Moreover, every nation with indigenous uranium resources can make a plausible case for possessing enrichment, *as the* means for doubling the value of its uranium in the world market for nuclear fuel. Even nations lacking indigenous uranium but having large hydro-electric resources—Zaire, for example—can make a case for using those resources to *enrich uranium and so* "store" their hydro-electricity in a form that is readily transported anywhere in the world.

Thus pressures are already high and still increasing for the proliferation of uranium enrichment. The chief safeguards remain the secrecy surrounding most of the technology, and the fact that such routes as gaseous diffusion and the "stationary walled centrifuge" necessitate not only very large factories but immense inputs of electricity, believed impossible to conceal from satellite surveillance. Other technologies, however, including the gas centrifuge, laser and spinning plasma processes, afford [the] possibility of achieving [high] levels of enrichment by m[eans] much more easily concealed.

Thus far, nations wit[h a] declared interest in opera[ting] reprocessing or enrichm[ent] plants have also declared [that] they would be operated u[nder] international safeguards [as] practised by the Internati[onal] Atomic Energy Agency. C[ould] such safeguads be circumven[ted] so that fissile material migh[t be] diverted to clandestine e[nds?] In the 1950s Brit[ish] nuclear scientists staged [a] secret exercise in which [a] management team simul[ated] illegal attempts to divert pl[uto]nium from a reprocessing p[lant] without being detected, w[hile] resident inspectors did t[heir] best to frustrate the violat[ors'] intentions. It was code-nam[ed] Circus—because, as one parti[ci]pant puts it, "we were a lot [of] clowns to take part." B[ut] however dubious the ethics [of] engaging Government scient[ists] as potential villains.

Safeguards for the "sensi[tive] technologies" have been [the] *subject of four meetings* [in] London this year—the l[ast] last month—convened at [the] instigation of the U.S. Gov[ern]ment. Seven nations wi[th a] strong interest in the expo[rt] of these technologies—the [U.S.,] USSR, U.K., France, West [Ger]many, Canada and Japan—[have] *been seeking mutually ac[cept]*able safeguards that will [reduce] the risk of proliferating nu[clear] weapons through comm[ercial] deals in which they help [other] nations to build self-supp[orting] nuclear power industries. [One] line of argument, advanc[ed by] the West Germans, is that [those] nations which persist in [refus]ing to sign the NPT, i[f tied] securely into a sufficiently [bind]ing commercial treaty wi[th one] of the signatory nations, [may be] much less of a threat t[han if] ostracised and obliged to [go their] own way. At the Nov[ember] meeting an "agreed text" [was] hammered out by repr[esenta]tives of the seven nation[s, and if] accepted by their Govern[ments] it could be established [as a] "code of conduct" to wh[ich the] seven will operate in n[egotiat]ing further sales of "se[nsitive] technologies" to other n[ations].

David Fis[hlock]
Science [Editor]

French position

IR THE FIRST time in several ars the self-confidence of ance's arms manufacturers is little shaky. Not that, on the e of things, there is any cause alarm. In the first half of 75 export orders for the full 1 sophisticated range of aponry France provides were by almost 40 per cent. over 74—a year that itself saw a ubling of foreign orders.

Almost every State visit by a rld leader to Paris has been ninated, secretly or overtly, the prospect of arms sales. the time the air is thick with nour and righteous denials; frequently weeks, months, even years later comes news a contract signed. As a result ns exports now provide nost Frs.8bn. (£880m.) of eign exchange every year, l this year will make the difence between merely breakeven and the handsome plus which the Government ects on French foreign trade.

But behind this facade of sucs, worries are growing. In t it is because the industry he victim of its own success. exports alone represent und 2 per cent. of the GNP, l its factories employ some ,000, of whom a Parliamen- defence expert M. Michel illieres has calculated that 00 are working for export. upset in the flow of foreign ers could obviously have prond effects on the country's nomy.

But there are also signs that crest of the wave may have n past. The interest from the dle East, from Africa, from n America is still very much e, but the failure of France vin the so-called "arms deal the century," the 1,500 airt replacement order for the olete Starfighters in service four NATO airforces, was vere blow. It is perhaps only that its full consequences emerging, but the changes ch have already followed and ch may follow have implicas not only for the arms inry itself, but for the entire nch policy of defence.

he rejection of Dassault's ated Mirage F-1 by not only Holland, Norway and Denmark but also by Belgium, hitherto a faithful client of the company, was at first dismissed merely as slavish Atlanticism on the part of the Four. France alone, it was pointed out bitterly in Paris, was truly "European" in its thinking, and the 83-year-old M. Marcel Dassault, whose company has more or less single-handed equipped the French Air Force since the war, was quick to let it be known that only his pride would be hurt, and not his pocket.

And it was, and is, quite true that orders for the Mirage and other French hardware continue to arrive from a Third World, keen to show its independence from either of the super powers. But the loss of the replacement contract has underlined one formerly forgotten aspect of French arms sales—the reliance on clients among the oil producers and the developing countries.

Of 1974's total arms orders of Frs.19.7bn., only 8.7 per cent. originated from France's eight EEC partners. Two per cent. came from France's former African colonies, and slightly more from the U.S. Almost 87 per cent.—for six tanks, missiles or Mirages in every seven—was placed by other nations. No less than 29 per cent. of French trade with the oil producers is accounted for by arms. But as the industry is keenly aware, these markets can change with a shift in the political wind, and contracts are notoriously difficult to secure. Negotiations are still under way for the giant trilateral "arms industry," where Saudi money would build factories in Egypt to produce French weapons.

Victory

Now, however, the signs are that the victory of the U.S.-built Y-16 over the Mirage F-1 last summer is producing second thoughts in France. Export successes have maintained production lines so that the independent image of a French defence force "made in France" can be kept up.

To-day, doubts whether this can be so for ever have cast a shroud of uncertainty over the future of the ACF — the advanced combat aircraft or "Super-Mirage" that is to replace the ageing Mirage III as the staple of the French Air Force. In the sober light of the NATO contract failure, there is a distinctly TSR-2 aura around the project. The ACF now seems too versatile, its very sophistication pushing its costs to levels that France alone could not sustain, without the support of large foreign orders.

At an estimated Frs.100m. (£11m.) per plane, the 200 of them which have been provisionally requested by Air Force chiefs would cost Frs.20bn., or over £2bn. This figure can be compared with the total defence budget for 1976, of "only" Frs.50bn. (£5.5bn.) A final decision on the ACF is expected later this month.

The answer clearly then is to strengthen co-operation with France's European partners, although of course such a policy sooner or later raises the old chestnut of French relations with NATO. Nonetheless, while measuring carefully the domestic risks of upsetting the Gaullist element in his ruling coalition, President Giscard d'Estaing is moving gingerly in this direction. At the start of December the Government gave cautious assent to a proposal from its European partners (already linked in the ten-nation Eurogroup offshoot of NATO) to participate in a new forum, where European members of the Atlantic Alliance could discuss arms production co-ordination.

For all the qualifications with which acceptance has been hedged, it is an important step towards closer European defence co-operation. The rewards, the French Government hopes, might be twofold: a lowering of costs by reducing duplication, and, by improving its own hitherto mulish image, an enhancement of its chances of selling arms to its rich European partners and allies. As the French now realise, the alternative is a virtual U.S. monopoly of the NATO arms market.

For the time being, though, France will certainly go on peddling its high quality armament wares to allcomers—at last count, around 100—with the pragmatism and lack of discrimination that makes it the envy and the irritation of its rivals.

Along with the arms has gone a commensurate growth in France's diplomatic say. Greece, which has just taken delivery of 40 Mirages is a good example, while the arms connection has kept lines open to several of the world's more "difficult" nations and enabled Paris to portray itself as a genuine alternative to the super-powers for the more independently minded of her clients.

So what, then, is the "military-industrial complex" in France? The answer includes some surprises. Obviously there are the two big aircraft makers, Aerospatiale and Dassault, where, especially in the case of the latter and the Mirage, military success has made up for civilian failure. For Aerospatiale—tried sorely by the sales flops of both the supersonic Concorde, for which it is the French partner, and the Airbus — helicopters sales, in the form of the successful Puma and Alouette models, have provided a welcome profitable sector.

But the other names are perhaps less expected. Saviem and Berliet, now both subsidiaries of Renault, have long derived a useful (in the case of Berliet about 15 per cent.) share of their sales from military equipment; in their case army trucks, and armed personnel carriers. Panhard, once a car subsidiary of Citroen, now exclusively makes armoured cars and other military ware. Thomson-CSF, a limb of France's second largest electrical group is a long-standing specialist in radar and other weapons systems, while the State computer company CII also is involved. Thus arms are jam, and sometimes the bread itself, for several of France's most powerful companies.

Rupert Cornwell

Middle East and Africa

O RECENT events set in relief the enormous ntial of arms sales to the dle East. The first was last k's announcement by the tagon that the U.S. is prong to sell nearly $2bn. th of arms and back-up to di Arabia, as part of a wider s deal while at the same submitting to Congress s to sell their most advanced er aircraft in production— F15 to the Israelis. The also recently proposed sell a sophisticated missile em to Jordan, which is at ent engaged in a highly conersial military co-ordination ramme with Israel's chief ny, Syria, and although no commitments were made is thinking about an Egyptian uest for arms.

he second significant event the extensive tour which ident Sadat of Egypt ntly undertook to the U.S., ain and France where he e the purchase of arms a priority on his list of s for discussion. In France Britain, at any rate, he has rently met with some ess persuading Mr. Wilson President Giscard d'Estaing the Sinai agreement with el demonstrates his good l and there is no reason why e countries should now hold the sale of advanced ons to Egypt. What this onstrates dramatically is the virtual monopoly which Soviet Union had over the ly of arms to Egypt since has been broken and that way is now open, not only Egypt, but possibly elsewhere significant inroads by the t.

he fact that the Soviet Union ikely to find its grip over r previously sure markets, as Iraq and Syria, weakenis no longer seriously cond. The only question is hat extent those countries turn to the West as alterte sources of supply and n?

Iraq's case this is unlikely e for some time. In Syria's however, the prospects are h brighter for Western manufacturers. Britain France already supply also a Baathist radical with advanced radar ment, tracked vehicles phisticated laser guidance ms. The Soviet Union ch sold arms valued at $2bn. ria since 1973) retains its opoly in fighter aircraft, iles, artillery and tanks— ugh there is good evidence ggest that, certainly as far anks are concerned, the high command would ly like to shop around. interest has been shown itain's Chieftain tank — presently is only sold to Iran in the area—but which the Syrians are unlikely to get.

Egypt's role in breaking away from the Soviet Union has been crucial. It appears to have started in January of this year when President Sadat, partly as a result of heavy pressure from within his armed forces who saw themselves falling further and further behind an increasingly well-armed Israel with no immediate prospect of a large-scale resumption of arms supplies from the Soviet Union, flew to France. There he negotiated a huge arms package—reputedly worth $1bn.—which included the latest Mirage F1 fighter-bomber, AMX 30 tank chassis, Crotale surface-to-air missiles and 38mm anti-aircraft guns.

He followed this up quickly with a deal with Westland Helicopters to manufacture Lynx military helicopters and an agreement in principle for Hawker Siddeley to manufacture the Hawk fighter-trainer in Egypt. In his recent visit he reportedly negotiated the purchase of £250m. worth of arms including the advanced Anglo-French Jaguar fighter-bomber, though given the strong pro-Israel lobby within the Labour Party it remains to be seen whether this particular deal will go through.

At any rate, between them the Arab confrontation States, who received over $1.5bn. from the oil-producers in 1973, theoretically have $8bn. to spend up to 1978 as a result of the decision at the Arab summit in Rabat to set up a "war chest."

But, of course, the confrontation States—Syria, Israel (42 per cent. of whose military requirements are supplied and funded by the U.S.), Egypt and Jordan—are by no means the only markets in the Middle East.

Libya is one State which has spent lavishly in the past two years despite the fact that it is a long way from the front-line with Israel and has a population less than a quarter of London's. Apart from its squadrons of Mirage fighters, some of which were sent to Egypt in the October War, it possesses nearly 75 Crotale surface-to-air missiles and, fro unthe Soviet Union, a highly sophisticated SAM system which reportedly includes SA-2, SA-3 and SA-6 missiles. Since Britain lifted its embargo on the sales of arms to front-line States in the Middle East, Libya is reported to have shown some interest in making purchases of British arms.

Iran, of course, is by far the biggest non-Arab arms purchaser in the Gulf. The Shah has a massive arms programme designed to underpin his flamboyant political ambitions and clearly feels he can afford to buy the best wherever it can be obtained. Britain has retained its foothold largely because of the 1971 contract to supply 750 Chieftains which is still being carried out. In addition it has sold Iran Rapier ground-to-air missiles, naval vessels, Blindfire anti-aircraft radar and hovercraft. But Iran's biggest supplier is the U.S. which this year has gained more orders than it did in 1974 when it sold the Shah $3.8bn worth.

Saudi Arabia, which spent around $600m. on arms in 1974 —this followed the 1973 deal with Britain for work on its air defence system and infrastructure worth £250m.—is expected to spend at least $1bn. over the next year or so and possibly much more. It has ordered Northrop F-5 fighters, small naval craft, combat vehicles, artillery and anti-tank and surface - to - air - missiles. This excludes the Pentagon's plan to help the Saudis refine their armed forces capability which will almost certainly involve the purchase of further advanced equipment. It could involve, the U.S. believes, more than 400 transport and attack helicopters, torpedo and missile gunboats and minesweepers. With several thousand of their troops bolstering up Syrian and Jordanian forces on Syria's southern flank Saudi's rulers are clearly taking their role as a "confrontation State" more seriously than a cursory look at their potential might suggest.

Monopoly

Another factor which may influence Saudi Arabia's thinking is the apparent lack of real progress towards a Gulf security pact.

With the higher oil proceeds Oman has substantially increased its defence spending and, by virtue of its political support for the Sultan, Britain has retained virtually a monopoly in the sale of arms. Last year it won orders for 12 Jaguars (£45m.), a Rapier missile system (£47m.), more BAC strikemasters, Skyvans, minesweepers and patrol boats.

Elsewhere in the Gulf, Britain has maintained her lead in some areas but is fast losing it in others—particularly in the field of advanced, and expensive, attack aircraft. France has made significant gains, selling 34 Mirages to Abu Dhabi as early as 1972, following this up with orders for three dozen Mirage F1s from Kuwait which last year announced a $1.2bn. spending programme to bolster its defences. The Mirages may eventually end up in Egypt and Kuwait will also purchase for its own use 36 A-4 Skyhawks. It also has U.S.-made Hawk missiles and 20 French SA-341 Gazelle utility helicopters.

The French have been almost equally successful in challenging the U.S. and other entrenched arms suppliers further south in Africa. Despite the partial ban on sales to South Africa announced by President Giscard d'Estaing in August, South Africa has already taken delivery of more than 50 Mirage III fighter aircraft and a squadron of the latest version of Marcel Dassault's Mirage F1. Another 20 F1s are on order and it is not clear whether the ban extends to French arms manufactured under licence in South Africa such as the Mirage fighter bomber itself.

At any rate France's sale of helicopters and Daphne and Agosta class submarines will not be affected. With enormously increased defence requirements (total defence spending this year has been set at R948m. or £594m.) and the threat of deeper involvement in Angola's civil war on the side of the FNLA-Unita forces and the insurgent campaign in Namibia (South-West Africa) growing, South Africa's role as a military power cannot but increase.

The war in Angola can also be expected to have an influence on defence planners elsewhere in the continent. The various factions in Angola are at present supplied directly either by the Soviet Union (in the MPLA's case) or the U.S., France, South Africa and Zaire (on the FNLA-Unita's side). Most of these deliveries, running into at least $50m. in the U.S.'s case and a good deal more from the Soviet Union, are probably outright gifts.

However, countries like Zaire, whose 60,000-strong Korean-trained but U.S.-supplied army has been increasingly well-equipped by President Mobutu Sese Seko, will probably wish to shore up their own defences if only to replace what they have to siphon off to the various liberation movements which depend on their support.

Africa's most formidable defence force, however, after Egypt and South Africa, is that of Nigeria which has reached 250,000 and which consumes just under a third of the whole recurrent Federal budget with around Naira (N) 615m. added on for capital expenditure. Of the three forces the air force spends larger sums than the others on weaponry with a total allocation of N299m. on capital account this year of which N254m. is for aircraft (principally Soviet MiG 15, 17 and recently 21s), helicopters and transport aircraft.

Alain Cass

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

S.E. List Premium 66¼% (based on $2.0494 per £)

Conversion factor 0.5999 (0.5963)

CANADIANS

[illegible]

††BANKS AND HIRE PURCHASE

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's	P/E
22	12	Alderman Sec 10p	22	......	♦0.67	♦	4.9	♦
235	135	Alexanders D. £1	215	+3	g11.66	—	8.3	—
£114	£67	Algemene Fl 100	£100	−1	Qh20%	1.8	3.6	15.5
400	190	Allen Harvey £1	370	......	†13.5	—	5.6	—
142	45	Allied Irish	124	......	Q25%	—	5.0	—
77	14	Anglo Contnl	42	......	—	—	—	16.9
185	95	Arbuthnot L. £1	170	......	†7.61	—	6.9	—
438	170	Aust. & N.Z. £1	430xd	−5	9.7	—	3.5	—
£57	£21¼	BankAmer. $1.5625	£33	......	Q$1.48	—	0.0	—
40	22½	Bk. Hapoalim I£1	32¼	......	Qs19.4%	—	2.0	—
385	120	Bk. Ireland £1	365	−5	Qh16%	—	4.4	—
£151	£66	Do. 10pc Cv. 91/96	£148	−2	Q10%	—	6.8	—
23	16½	Bk. Leumi AI£1	22	......	Q16%	—	5.2	—
230	180	Bk. Leumi (UK) £1	220	......	7.25	—	5.1	—
720	370	Bk. N.S.W. $A2	670xd	−10	Q28c	—	2.4	—
295	104	Bank Scotland £1	283	......	†8.31	3.5	4.5	9.6
£71¼	£20⅝	Bankers N.Y. $10	£21⅞	......	Q$3.00	—	6.7	—
325	112	Barclays £1	289	−3	†8.29	4.2	4.4	8.3
73	19	Bates (Edward)	39	......	—	—	—	—
76	18	Bowring (C. T.)	70	......	†2.11	2.2	4.6	14.8
235	75	Brown Shipley £1	160	......	g7.54	—	7.2	—
265	110	Cater Ryder £1	250	+2	14.40	—	8.9	—
13	5	Cedar Hldgs. 20p	13♯	......	†1.4	1.5	‡	—
67	48	Clive Dis'nt 20p	61	−1	3.0	—	7.6	—
310	149	Com'l Aus. ($A1)	290	−5	Q14%	—	2.8	—
£147⅝	£103⅞	Com'zbk DM100	£135⅝	......	Q17%	—	2.2	—
£264½	£172½	C'hgn. Hbk. Kr100	£25	−½	Q11%	—	3.6	—
29	4	Corinthian 10p	6	......	—	—	—	—
£34	£10½	Cred. France F75	£31½	−½	Q9.7%	—	2.5	—
75	63	Dawes (G. R.)	75	......	5.25	2.9	10.8	5.0
26½	9	Dawnay Day	15	......	0.5	—	5.3	—
70	25	F. C. Finance	28	+1	‡1.57	—	‡	—
11	1½	First Nat. 10p	2¼	......	‡1.05	—	‡	—
[illegible]								

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER & ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Cont.

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS & CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

MINES

TINS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
56	32	Amal. Nigeria	42	......	5.62	1.6	20.6
161	77	Ayer Hitam	153	......	13.0	1.8	13.1
36	10	Beralt Tin	16	......	21.75	—	16.8
424	268	Berjuntai SM$5	340xd	......	‡Q6M2	♦	‡
18	13	Ex Lands 10p	16	......	15	3.8	14.4
246	153	Geevor	155	−2	12	2.3	11.9
18	8	Gold & Base 12½p	8	......	—	—	—
288	157	Gopeng Cons.	170	......	‡14.25	♦	‡
73	55	Hongkong	63	......	—	—	—
58	40	Idris 10p	56	......	6.7	2.2	18.4
11	7	Jantar 12½p	8½	......	—	—	—
68	41	Kamunting 15p	44	......	7.0	1.2	24.4
175	135	Killinghall	135xd	......	Q50.0	♦	37.0
192	106	London Tin 20p	150	......	7.0	1.3	7.2
220	93	Malay Dredging	170	......	10.7	2.0	9.7
41	22½	♠Pahang	30	......	Qh2.6	♦	13.3
65	41	Pengkalen 10p	45	......	7.0	1.0	23.9
112	75	Petaling SM1	112	......	—	—	—
23	8	Saint Piran	20	......	0.63	3.5	4.8
135	68	South Kinta (10p)	95	−1	9.5	1.5	15.4
180	73	Sthn. Malayan	125	......	10.7	0.9	13.2
83	35	Sungei Besi 20p	35	......	‡6.0	3.0	‡
43	29	Sungei Way SM1	29	......	ZQ10	—	6.0
84	48	Tanjong 15p	48	......	4.35	2.3	13.9
75	50	Tongkah Hb SM1	52	......	Q23%	0.6	8.4
93	42	Tronoh	61	......	‡4.02	3.5	10.1

COPPER

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
112	42	Botswana RST P2	44	−1	—	—	—
390	196	Messina R0.50	285	−5	Q35c	1.9	6.8

MISCELLANEOUS

1975 High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
8½	3	Burma Mine 17½p	8	......	m0.5	—	1.7
65	17	Charterhall 5p	27	+1	—	—	—
115	40	Colby Mines $1	61	......	—	—	—
810	360	Cons. Murch. 10c	770xd	−10	Q80c	♦	5.7
53½	29½	Laurasia	32½	−1½	—	—	—
375	200	Northgate C$1	240	−5	tQ25c	1.0	5.8
211	80	R.T.Z.	175	+1	g5.51	4.4	4.8
135	47½	Sabina Inds. C$1	110	−1	—	—	—
81	45	Stanford Mines‖	48	......	—	—	—
£12½	874	Tara Exptn. $1	£10⅜	−⅛	—	—	—
78	38	Yukon Cons. C$1	78	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ♦ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- ♯ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- ‡ Based on 1973 profits.
- $ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 21

FINANCIAL TIMES

Tuesday December 16 1975

Retail sales show 5½% drop in volume

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

DESPITE the surge of activity in Britain's high streets as Christmas shopping gets under way, the underlying tone of retail sales remains very depressed.

Official figures for November published yesterday show that shop sales were running 16 per cent. above last year in value, but, *after* allowing for inflation, there was a volume drop of some 5½ per cent.

According to the Retail Distributors' Association, which monitors the sales of more than 200 department stores throughout the country, this sort of picture has continued into December.

Retail sales are being hit both by the general squeeze on consumers' real incomes, and by the fact that fears about the employment situation are prompting people to save more and to enter into fewer than HP commitments.

The Department of Industry estimates that the average level of trade in the three months September-November was about 3 per cent. below the average for the first eight months of the year in volume terms.

As with a number of other indicators, however, the recent statistics at least suggest that the monthly decline has stopped.

The official indices (base 1971=100) show that after falling to 104.9 in August, (from 111.5 in the first quarter of this year) the volume index has levelled out to 106.0 in September, 105.3 in October and now 106½ (provisional estimate) in November.

RETAIL SALES

		Volume Seasonally adjusted (1971 = 100)	Value Not seasonally adjusted—percentage change from a year earlier
1974	1st	109.8	+11
	2nd	107.3	+15
	3rd	111.0	+18
	4th	111.6	+18
1975	1st	111.5	+22
	2nd	108.7	+24
	3rd	105.3	+18
1974	August	111.4	+18
	Sept.	112.2	+19
	Oct.	111.4	+18
	Nov.	112.8	+19
1975	August	104.9	+16
	Sept.	106.0	+18
	Oct.	105.3	+15
	Nov.	106½(prov)	+16*

* Provisional

Public borrowing 22% up on Budget forecast

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

THE PUBLIC sector borrowing requirement was running some 22 per cent. higher in the third quarter of this year than was implied by Goverment forecasts presented at the time of the Budget.

This is indicated by a new set of figures published by the Government yesterday, showing that the borrowing requirement was £2.5bn. in July-September, but £2.76bn. on a seasonally adjusted basis.

Originally it was forecast that the deficit for the 1975-76 financial year as a whole would be £9bn., but for some time now City analysts have been suggesting the outturn would be nearer £12bn.

The latest figures are consistent with the view that the PSBR will end up in the £11bn. to £12bn. range. A figure of around £11¾bn. has been the revised Whitehall estimate for some time now, and the reaction in the City yesterday to the news about the third quarter was relief that the borrowing requirement was no higher.

The acceleration in inflation and public sector pay had a dramatic effect on the borrowing requirement earlier in the year, and the economy has now reached the pharse of decelerating inflation which Mr. Denis Healey, Chancellor of the Exchequer hoped would surprise people with some favourable effects on the PSBR trend.

The PSBR reflects the size of the gap between expenditure and receipts of the entire public sector, not just the central government accounts which are published monthly.

A feature of the latest figures is that while, on an unadjusted basis, the PSBR was over £900m. higher than in the corresponding quarter of 1974, within the total local authority borrowing was at £460m., some £340m. down on the same quarter of 1974.

None of these PSBR figures, of course, take into account the effect on the trend of the proposed commitment to rescue Chrysler (U.K.).

Standard Telephones to close Woolwich cable plant in 1977

BY CHRISTOPHER LORENZ

A DRASTIC rationalisation of the British telephone cable industry will accelerate from the middle of next year, when Standard Telephones & Cables begins to close one of its cable factories because of the decline in demand.

It is thought that about half the 2,050 jobs in STC's telephone cable division could go by 1977, when the closure of the old plant at North Woolwich, in South-East London, is scheduled to be completed.

STC said last night, after informing Woolwich workers of the decision, that the decline in demand was not temporary, but due largely to changes in communications technology. These *are known to include the use* of existing cable installations to carry more telephone traffic, and replacement of paper by plastic insulation.

North Woolwich has concentrated production on paper-insulated cables, whereas the newer factory at Newport, Gwent, uses the more modern insulator. *This is one of the main* reasons behind STC's decision to concentrate its cable output at Newport, and its declared intention of making Newport the most efficient cable factory in the U.K.

A further round of redundancies has been expected since mid-September, when STC announced a 230-man cut at North Woolwich, and warned that more were likely in 1976. At that time Telephone Cables, a subsidiary of GEC, and BICC (two of the other main cable makers) appeared to confirm STC's analysis of the declining market, but neither would forecast redundancies. Natural wastage policies have been applied for some time.

It is the long-term market decline, rather than the short-term Post Office dispute over past cable prices—which has blocked the placing of new orders—that is to blame for the job cuts. For some time industry experts have considered that there are still too many telephone cable producers and suppliers in the U.K. for the business available.

The North Woolwich news comes less than eight years after GEC announced the closure of the large old AEI telecommunications factory there. Several hundred people may be offered a transfer to Newport, but in view of the depressed state of *other sectors in the telecommunications industry*, there seems little likelihood of moving employees to other STC plants in the London area.

London Brick trims prices

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

LONDON BRICK, which has raised average prices by about 27 per cent. this year, has now made price cuts of around 5 per cent.

This follows the sharp turnround in the fortunes of Britain's largest brick producer *and is understood to have arisen* largely because of concern over excess profit marg'ns.

At the end of last year, when the house-building decline was *at its worst, the company's* stocks of fuels stood at about 360m., but with the upturn in construction activity they are now reported to be "very low."

As a result, the company has made "substantial" stock profits during 1975 and margins have been further boosted by the two price increases and lower overheads because of plant closures. In August, London Brick announced that pre-tax profits in the first half of this year rose to £5.08m. against £1.36m. last time.

Mr. M. O. Wright, deputy managing director, said last night that when output was cut last year and the company stated that prices would have to rise substantially during 1975, it also pledged to reduce them later if it felt this was possible. The reduction should mean a saving of about £1.25 per thousand bricks and should be maintained at least until the spring.

Mr. Wright, however, made it clear that the company's action was at least in part a result of concern about margins. Attempts to find a compromise with the Price Commission, based on the spreading of the stock profit effect on margins over a longer period, have aparently failed.

The company clearly believes that because of the major *fluctuations in demand, pricing* policy could, to the benefit of customers, be treated on a longer term basis. As things stand, it is being forced to consider reducing selling prices to stay within this year's margin guidelines, although it knows that when costs catch up it will have to announce further increases.

Mr. Wright said that although sales had picked up compared with a year ago, the rise in demand had not been very substantial, although sufficient to enable expansion of output. In August the company said that *improving demand had enabled* it to re-introduce overtime and night-shift working at most of its major plants. Output is now moving up towards 75 per cent. of capacity. At one stage it was operating at only 60 per cent. of of the maximum capacity reached at the end of 1973.

Continued from Page 1

Chrysler rescue row

former Minister for Industry, was diverted by the Prime Minister last night.

Instead, the committee was asked to see Labour's Chief Whip, Mr. Bob Mellish, on whom it vented its feelings.

Meanwhile, the Left-wing Tribune Group has decided to table a motion demanding a major State equity holding in Chrysler U.K., which the Government package does not include.

It, too asked for a meeting with Mr. Wilson, but during the Christmas recess, and its leaders maintain that the outcome of this meeting will decide the way Tribune MPs — who on paper number about 80 — vote on the Order authorising the expenditure of Government money on the Chrysler operation.

The Conservative Opposition, in to-day's motor industry debate, will predictably but ironically use the same arguments against the Chrysler deal as Mr. Varley used in Cabinet: that it would undermine the Government's industrial strategy of helping the strong rather than the weak, and could undermine confidence in industry and the City.

Mr. Michael Heseltine, the Conservative's Industry spokesman, will also argue that the money would have been better spent in helping development areas and industry as a whole, and that he p to Chrysler will only produce similar demands.

As one leading Tory put it: "Chrysler U.K. is a lame duck with only one leg, staggering down a steep slope."

The Conservatives and Labour MPs are also convinced that the Central Policy Review staff's ong-awaited report on the motor industry will substantiate Mr. Varley's, and also their, opposition to a major rescue for a "non-viable company."

The report says, in effect, that there is no room for a small manufacturer like Chrysler in the U.K. market.

It suggests that there is up to 25 per cent. overcapacity in the European industry, and that up to 250,000 jobs, out of the 1.3m. spread across the British motor industry, should be lost.

Mr. Raymond Fletcher (Lab. Ilkeston) said last night: "If the Press reports about the Chrysler deal are right, I object to being led by a blancmange Government.

"If it's to be a Government of subsidising failure, I shall resign the Labour whip but I will not seek to bring the Government down."

Earlier, Mr. Varley, together with Mr. Michael Foot, Employment Secretary, and Mr. William Ross, Scottish Secretary, met Mr. Len Murray, TUC general *secretary*, Mr. *Jack Jones*, general secretary of the Transport and General Workers' Union, and Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, on the Chrysler situation.

But Mr. Murray took great pains to stress they were not told "very much" about the Government proposals. The *purpose of the meeting* was more a matter of courtesy to give them a "very broad brush description" of the way Government was thinking.

Mr. Varley is to meet national union officials and representatives from the company's plants to-morrow.

Mr. Bob Wright, executive member of the AUEW and one *of the leading Chrysler union* officials, said he was "unhappy and disappointed that Mr. Varley had been unable to keep a promise to meet the union officials before a final decision was taken.

Last night Mr. Pat Fox, TGWU convener at Chrysler's Ryton, Coventry assembly plant said that shop stewards there wanted short-time working instead of redundancies.

Another 15,000 face Lifeguard policy cuts

A FURTHER 15,000 policyholders with Lifeguard Assurance, the life company backed by Lloyd's brokers, face cuts in the value of their policies.

The company, which last week admitted that 70,000 policyholders had virtually lost their surrender and paid-up policy values, confirmed yesterday that with-profit policyholders would have no bonuses added to their savings contracts this year.

This means that investors will receive no profits on their savings over the past three years, since Lifeguard declares bonuses only once every three years.

The decision not to pay a bonus will hit with-profit policyholders particularly hard, because they pay a higher premium for the same level of basic life assurance protection as the without-profit customers.

Bonuses are not guaranteed. In theory, the policyholder accepts that there could be no bonuses paid on his policy.

But no traditional life company has cut its level of reversionary bonus (payable out of investment income) since World War II, although this year has seen wholesale cuts in terminal bonuses paid out of capital appreciation.

Support scheme

Last Friday, Mr. Victor Wood, new vice-chairman of Lifeguard, announced details of a support scheme for the company. This involved 12 major shareholders, including leading Lloyd's brokers, putting £1.25m. into Lifeguard.

Mr. Wood admitted that the company was still "passing the hat around" the Lloyd's community in an attempt to raise further capital.

But Mr. J. R. Gillum, of Samuel Montagu, *financial* adviser to Lifeguard, said yesterday, "the bonuses come out of current surplus and the company is short of surplus." He added: "In general terms, there will be *no bonus for the three years* ending June 30, 1975."

Lifeguard's practice has been to declare bonuses every three years as a percentage of the premiums paid during the period.

'Pay youngsters a basic wage'

BETWEEN the ages of 16 and 21 every youth should have the social and occupational status of trainees and be paid a basic youth wage, Mr. Neil Kinnock, Labour MP for Bedwellty told a conference of the Institute of Careers Officers in Winchester yesterday.

This, he said, was part of a manpower planning policy which should include a reduction over a 10-year period, of the statutory retirement age for men from 65 to 60 with old age pensions progressively phased. And agreement on a statutory working week and holidays with limitations on overtime.

Energy industries will confer on coal needs

BY DAVID FISHLOCK, SCIENCE EDITOR

DISCUSSIONS between all the energy industries to decide on the optimum figure for coal consumption in the U.K. are to be started *soon* after Christmas, Mr. Anthony Wedgwood Benn, Secretary for Energy, told a Parliamentary select committee yesterday.

The aim would be to compare the impact of different fuel consumption policies upon one another, Mr. Wedgwood Benn told the Select Committee on Science and Technology.

The "fuel burn" could no longer be considered exclusively a management decision on the part of the individual State energy industries; the "coal burn" in the case of the elec*tricity industry*.

Mr. Wedgwood Benn stressed that he was not trying to erode management policy in the nationalised industries. But at the same time central policy *must not be confused* with management decision-making.

He would feel more confident about national energy strategy, he assured the MPs, once he had had a chance to listen to the kind of multilateral energy discussions he was now setting up.

The idea that "you could cut energy policy out of national policy" and develop it by itself was "one of the great illusions."

He refused to be drawn into commenting directly upon a report on energy conservation published earlier this autumn, in which the select committee made 42 recommendations, including one that a top-level energy "task force" reporting directly to the Prime Minister should plan *national energy policy*. The subject, said Mr. Wedgwood Benn, was *sub judice* until the Government published its official reply.

In defence of his department's policy on energy conservation, he said that it had been commented favourably upon in the International Energy Agency as one of the most imaginative conservation policies.

Mr. Wedgwood Benn rejected the select committee's enthusiasm for setting fixed targets for the amount of energy to be saved through a conservation policy by observing that his department did not control any large use of energy, and was therefore not in a position to implement a target. If Britain should make a very rapid recovery from the recession, and as a result exceed a target he had set, should he then approach the Chancellor of the Exchequer and tell him the nation was going too fast?

U.S. report on Concorde attacked by Government

BY DAVID BELL — WASHINGTON, Dec. 15.

THE BRITISH Government to-day described as "grossly inaccurate" projections of the noise that Concorde might make if it were to be permitted to land in Washington next year.

In a letter to Mr. Russell Train, the administrator of the Environmental Protection Agency (EPA), Mr. Kenneth Binning, Director *of* the Concorde Project at the Department of Industry, said that oral comments made by Mr. Train and his staff last week in Congressional testimony were misleading and ambiguous.

At a Press conference, Mr. A. R. Gordon-Cumming, Civil Aviation Attache at the British Embassy, said that he was "disappointed that an agency of the American Government should elect to behave in this way" and that in describing the noise level contours the EPA had been "grossly inaccurate."

Last week Mr. Train was quoted as saying that "nwe" EPA data indicated that it would probably be "undesirable" for Concorde to land in New York and that he had major reservations about Washington as well. Mr. William Coleman, the Secretary of Transportation, is due to hold hearings on the aircraft next month.

Mr. Binning said that the EPA's noise contour map, which showed a band of loud noise extending almost all the *44* miles from Washington to Baltimore, showed not the effect of one Concorde taking off at a time but the noise that might be made if there were to be seven take-offs and landings at the same time.

The EPA, he went on, failed to indicate that in any case the noise would only last for two minutes a day at the most and had confused two different measurements of noise—decibels and effective perceived decibels —in such a way as markedly to exaggerate the noise the aircraft would make.

Thus, he said, the EPA had suggested that Concorde would make a noise equivalent to a heavy truck in the centre of a city within the noise band it had produced. The actual noise would be equivalent to that produced by a range of household appliances which when added to all the noise already going on would be scarcely noticed.

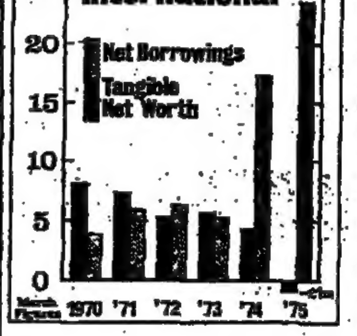
Both British officials said that their technical staffs had been given no chance to discuss the EPA's noise map in advance and they said that they had had some difficulty even getting hold of a copy of Mr. Train's remarks. The EPA said that it had no official comment to make on the British charges.

THE LEX COLUMN

Venesta's French disasters

Index rose 1.2 to 363.5

Venesta International's 1974-1975 report and accounts finally surfaced yesterday—not quite nine months after the balance sheet date and just in time for an annual meeting on December 31. They disclose a negative net worth (excluding £2.1m. of goodwill) of £1.05m. together with net borrowings of £23.6m. —and page one of the document no longer provides a list of the company's bankers, which last year were said to be National Westminster, Barclays and Société Générale. *Shareholders were warned* earlier this month that losses in France had forced Venesta into a position where a suspension of the share quotation and a capital reconstruction were necessary. When the recent management regime took over in 1971, net worth totalled around £7m. and debt £6m.



At this stage there is no guarantee that a reconstruction can be achieved. Of total borrowings of £25.1m. nearly £17m. was secured, and at March Venesta could still boast tangible assets of £44.2m. of which £18.2m. was represented by fixed assets.

So although at the moment the U.K. banks are apparently prepared to countenance a reconstruction, they could be tempted to put the company into receivership rather than participate in any scheme which would involve exchanging debt for equity on a substantial scale. The key seems to lie in the spread of Venesta's assets and borrowings between the U.K. and France, where year end debt totalled around £7m. It is impossible to tell from the balance sheet just how viable the U.K. business would be on its own. However, despite volume declines the U.K. construction materials business was still making profits last year.

Three final points need to be made. Venesta has guaranteed subsidiaries' loans of £5.3m., part of which are overseas and are presenting the group with a dollar premium liability; £100,000 may be payable so far on this score. The accounts are heavily qualified—notably in relation to their preparation on a going concern basis against the "uncertainty" of any reconstruction scheme. Out of the £4m. proceeds from the recent sale of Keizer Venesta £2.4m. has been paid since the year-*end to the major shareholder*, Williams Hudson.

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PSBR

Some of the more alarming projections for the public sector borrowing requirement will now be scaled back in the light of official figures for the second quarter, taken together with a slight improvement in the balance of consolidated fund spending and revenue in October and November (though December is always a bad month). The official PSBR projection for fiscal 1975-76 at the time of the last Budget was £9.1bn., a figure which City opinion has tended to inflate to £12bn. But in the first half-year to September the seasonally adjusted annualised rate was only £11.2bn.

The figures had no measurable impact on gilts yesterday, with the longs depressed by the Chrysler sellout, and indeed the Chrysler commitment is a good example of the kind of threat that remains. After all, the near £200m. paid over to British Leyland came into the current quarter. But there has been a substantial improvement in the position of the local authorities. For the public sector as a whole the deficit remains very large, but at least the trend is no longer deteriorating.

Capital & Counties

Life might now have been rather uncomfortable for Capital and Counties under its old borrowing limits of three times capital and reserves. Shareholders' funds have fallen by £2.5m. to £83.2m. since the last year end in March, and "relevant" debt has risen above then total of £240m. becau[se] *the impact of the drop of* [...] ing on the 55 per cent. of [bor]rowings in U.S. or Can[adian] dollars. The pressures have been eased somewhat since new *limit—duly approved* [by] shareholders yesterday—is [the] greater of £260m. or the [pre]vious formula, and cur[rent] calculations need not no[w be] *worked out till the year.* Anyway, the company is [confi]dent that at current par[ity] borrowings in March should be lower than 12 m[onths] earlier.

There is some reass[uring] news in the interim stat[ement] however, in particular the [news] that terms have been agre[ed in] principle for the financing [on a] sale-and-leaseback basis of [the] last remaining major U.K. [de]velopment, in Newc[astle]. Coupled with other disp[osals] this means that the £27.2m. development properties in [the] U.K. out of a total of £9[...] has now been reduced almo[st to] nil. Even before the sale, [...]ling debt was "appreciably [be]low the March figure of £[...] But the group remains hi[ghly] geared, and the sales [pro]gramme is continuing bot[h in] the U.K. and Canada. A ca[pital]isation of nearly £11m. at [...] recognises this—and not [sur]prisingly Union Corporation [has] not exercised its option to [...] for a one-for-sixteen r[ights] issue.

See also Page 22

London Brick

The Price Code has disto[rted] the usual building mate[rials] cycle and a new twist has been added by London Bri[ck's] decision to cut prices by 5 [per] cent. following increases of [...] a quarter earlier this year. [The] company catered for much [of] the initial rise in demand [by] lifting bricks from the gro[und.] Although unit costs have b[een] reduced by subsequent incre[ases] in production, it is the "v[ery] substantial" stock profits wh[ich] have been the problem: marg[ins] have been pushed up aga[inst] reference levels, which sugg[est] 1975 profits of perhaps £10[...] to £11m., against £2.7m. LB t[ried] to spread the impact of s[tock] profits on margins into [next] year, but the Price Commis[sion] would not agree, hence the [...] Rising costs could, how[ever,] mean an increase in p[rices] again by early summer [next] year.

Weather

U.K. TO-DAY

COLD or rather cold in central East and South England. Rain in Scotland moving South.

London, E. Anglia, Southern England, E. England, the Midlands, central North England

Mist or fog, freezing in places thinning slowly and returning in the evening. Max. 4C (39F).

Channel Isles, S. W. England

Mist or fog patches. Mainly cloudy but dry. Max. 5C (41F).

Wales, N. W. England, Lakes, Isle of Man, S.W. Scotland, N. Ireland

Light rain or drizzle. Cloudy with hill fog patches. Wind westerly. Max. 7C (45F).

N. E. England, Borders, the Highlands, Edinburgh

Mist or fog patches soon clearing. Sunny intervals but rain later. Fresh winds. Max. 5C (41F).

Outlook: Some rain and fog with overnight frost.

Lighting-up: London 16.21, Manchester 16.20, Glasgow 16.13, Belfast 16.28.

Long-range Weather Page 22
Snow reports Page 7

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Amstrdm.	S	0	32	Madrid	R	4	39
Athens	C	12	54	Manchstr.	C	4	39
Barcelona	C	13	55	Melbourne	C	19	66
Beirut	C	19	66	Milan	R	5	41
Belfast	Fg	4	39	Montreal	R	11	52
Belgrade	C	2	36	Moscow	Sn	−4	25
Berlin	C	−3	27	Munich	C	−1	30
Birmghm.	C	5	41	Newcastle	S	5	41
Bristol	C	3	37	New York	C	10	50
Brussels	S	−3	27	Oslo	C	3	37
Budapest	F	2	36	Paris	S	0	32
B. Aires	S	30	86	Perth	F	26	79
Cairo	S	22	72	Prague	C	−3	27
Cardiff	C	4	39	Reykjavik	H	0	32
Cologne	C	0	32	Rio de J'o	S	29	84
Copnhagn.	C	7	45	Rome	R	13	55
Dublin	C	4	39	Singapore	S	26	79
Edinb'rgh	S	6	43	Stockholm	S	6	43
Frankfurt	S	−1	30	Strasbourg	C	0	32
Geneva	C	2	36	Sydney	C	25	77
Glasgow	C	7	45	Tehran	S	6	43
Helsinki	F	4	39	Tel Aviv	S	18	64
H. Kong	S	10	50	Tokyo	S	11	52
Jo'burg	C	19	66	Toronto	C	4	39
Lisbon	R	6	43	Vienna	C	0	32
London	F	3	37	Warsaw	S	−3	27
Luxembrg.	S	−3	27	Zurich	C	0	32

HOLIDAY RESORTS

Ajaccio	C	14	57	Jersey	F	4	39
Algiers	C	20	68	Las Plms.	C	18	64
Biarritz	C	3	37	Locarno	R	5	41
Blackpool	S	8	46	Majorca	C	14	57
Bordeaux	C	5	41	Malaga	C	15	59
Boulogne	C	0	32	Malta	F	19	66
Casablanca	R	12	54	Nairobi	S	24	75
Cape Tn.	S	32	90	Naples	C	11	52
Corfu	F	12	54	Nassau	C	24	75
Dubrovnik	F	13	55	Nice	R	9	48
Faro	R	8	46	Nicosia	C	17	63
Florence	R	9	48	Oporto	F	8	46
Funchal	S	15	59	Rhodes	S	16	61
Gibraltar	R	14	57	Salzburg	F	1	34
Guernsey	S	5	41	Tangier	C	14	57
Innsbruck	S	1	34	Tenerife	F	12	54
Inverness	F	7	45	Tunis	C	21	70
I. of Man	R	7	45	Valencia	R	10	50
Istanbul	R	6	43	Venice	C	7	45

S—Sunny. F—Fair. C—Cloudy. R—Rain. Fg—Fog. Sn—Snow. H—Hail.

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